Friday,
20th July, 1956

LOK SABHA DEBATES

VOLUME V, 1956

(16th July to 10th August 1956

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LOK SABHA SECRETARIAT
NEW DELHI

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Achalu, Shri Sunkam (Nalgonda—Reserved—Sch. Castes).

Achint Ram, Lala (Hissar).

Achuthan, Shri K. T. (Crangannur).

Agarawal, Shri Hoti Lal [Jalaun Distt. *cum* Etawah Distt.—(West) *cum* Jhansi Distt.—(North)].

Agrawal, Shri Mukund Lal [Pilibhit Distt. *cum* Bareilly Distt.—(East)].

Ajit Singh, Shri (Kapurthala-Bhatinda—Reserved—Sch. Castes).

Ajit Singhji, General (Sirohi-Pali).

Akarpuri, Sardar Teja Singh (Gurdaspur).

Alagesan, Shri O. V. (Chingleput).

Altekar, Shri Ganesh Sadashiv (North Satara).

Alva, Shri Joachim (Kanara).

Amin, Dr. Indubhai B. (Baroda West).

Amjad Ali, Shri (Goalpara-Garo Hills).

Amrit Kaur, Rajkumari (Mandi-Mahasu).

Anandchand, Shri (Bilaspur).

Ansari, Dr. Shaukatullah Shah (Bidar).

Anthony, Shri Frank (Nominated—Anglo-Indians).

Asthana, Shri Sita Rama (Azamgarh Distt.—West).

Ayyangar, Shri M. Ananthasayanam (Tirupati).

Azad, Maulana Abul Kalam (Rampur Distt. *cum* Bareilly Distt.—West).

Azad, Shri Bhagwat Jha (Purnea *cum* Santhal Parganas).

B

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Badam Singh, Chowdhary (Budaun Distt.—West).

Bagdi, Shri Magan Lal (Mahasamund).

Bahadur Singh, Shri (Ferozepore-Ludhiana—Reserved—Sch. Castes).

Balakrishnan, Shri S. C. (Erode—Reserved—Sch. Castes).

Balasubramaniam, Shri S. (Madurai).

Baldev Singh, Sardar (Nawan Shahr).

Balmiki, Shri Kanhaiya Lal (Bulandshah Distt.—Reserved—Sch. Castes).

Banerjee, Shri Durga Charan (Midnapore-Jhargram).

Bansal, Shri Ghamandi Lal (Jhajjar-Rewari).

Bansilal, Shri (Jaipur).

Barman, Shri Upendranath (North Bengal—Reserved—Sch. Castes).

Barrow, Shri A. E. T. (Nominated—Anglo-Indians).

Barupal, Shri Panna Lall (Ganganagar-Jhunjhunu—Reserved—Sch. Castes).

Basappa, Shri C. R. (Tumkur).

Basu, Shri A. K. (North Bengal).

Basu, Shri Kamal Kumar (Diamond Harbour).

Bhagat, Shri B. R. (Patna *cum* Shahabad).

Bhakt Darshan, Shri [Garhwal Distt.—(East) *cum* Moradabad Distt.—(North-East)]

Bharati, Shri Goswamiraja Sahdeo (Yeotmal).

Bhargava, Pandit Mukat Behari Lal (Ajmer South).

Bhargava, Pandit Thakur Das (Gurgaon).

Bhartiya, Shri Shaligram Ramchandra (We Khandesh).

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Bhatt, Shri Chandrashanker (Broach).

Bhawani Singh, Shri (Barmer-Jalore).

Bhawanji, Shri (Kutch West).

Bheekha Bhai, Shri (Banswara—Dungarpur—Reserved—Sch. Tribes).

Bhonsle, Shri Jagannathrao Krishna Rao (Ratnagiri North).

Bidari, Shri Ramappa Balappa (Bijapur South).

Birbal Singh, Shri [Jaunpur Distt.—(East)].

Biren Dutt, Shri (Tripura West).

Bogawat, Shri U. R. (Ahmednagar South).

Boovaraghasamy, Shri V. (Perambalur).

Borkar, Shrimati Anusayabai (Bhandara—Reserved—Sch. Castes).

Borooah, Shri Dev Kanta (Nowgong).

Bose, Shri P. C. (Manbhum North).

Brajeshwar Prasad, Shri (Gaya East).

Brohmo-Chaudhury, Shri Sitanath (Goalpara-Garo Hills—Reserved—Sch. Tribes).

Buchhikotaiah, Shri Sanaka (Masulipatnam).

C

Chakravartty, Shrimati Renu (Basirhat).

Chaliha, Shri Bimalaprosad (Sibsagar—North-Lakhimpur).

Chanda, Shri Anil Kumar (Birbhum).

Chandak, Shri B. L. (Betul).

Chandrasekhar, Shrimati M. (Tiruvallur—Reserved—Sch. Castes).

Charak, Th. Lakshman Singh (Jammu and Kashmir).

Chatterjea, Shri Tushar (Serampore).

Chatterjee, Dr. Susilranjan (West Dinajpur).

Chatterjee, Shri N. C. (Hooghly).

Chattopadhyaya, Shri Harindranath (Vijayavada).

Chaturvedi, Shri Rohanlal [Etah Distt.—(Central)].

Chaudhary, Shri Ganeshi Lal [Shahjahanpur Distt.—(North) *cum* Kheri—(East)—Reserved—Sch. Castes].

Chaudhuri, Shri Tridib Kumar (Berhampore).

Chavda, Shri Akbar (Banaskantha).

Chettiar, Shri N. Vr. N. Ar. Nagappa (Ramanathapuram).

Chettiar, Shri T. S. Avinashilingam (Tiruppur).

Chowdary, Shri C. R. (Narasaraopet).

Chowdhury, Shri Nikunja Behari (Ghatal).

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Das, Dr. Mono Mohon (Burdwan—Reserved—Sch. Castes).

Das, Shri B. (Jaipur-Keonjhar).

Das, Shri Basanta Kumar (Contai).

Das, Shri Beli Ram (Barpeta).

Das, Shri Bijoy Chandra (Ganjam South).

Das, Shri Kamal Krishna (Birbhum—Reserved—Sch. Castes).

Das, Shri Nayan Tara (Monghyr Sadr *cum* Jamui—Reserved—Sch. Castes).

Das, Shri Ram Dhani (Gaya East.—Reserved—Sch. Castes).

Das, Shri Ramananda (Barrackpore).

Das, Shri Sarangadhar (Dhenkanal-W Cuttack).

Das, Shri Shree Narayan (Darbhanga Ce

Dasaratha Deb, Shri (Tripura East).

Datar, Shri Balwant Nagesh (Belgaum North).

Deb, Shri Suresh Chandra (Cachar-Lushai Hills).

Deo, H. H. Maharaja Rajendra Narayan Singh (Kalahandi-Bolangir).

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Dhusiya, Shri Sohan Lal (Basti Distt.—(Central-East) *cum* Gorakhpur Distt.—(West)—Reserved—Sch. Caste].

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Diwan, Shri Raghavendrarao Srinivasrao (Osmanabad).

Dube, Shri Mulchand [Farrukhabad Distt. (North)].

Dube, Shri Udai Shankar [Basti Distt. (North)].

Dubey, Shri Rajaram Giridharlal (Bijapur North).

Dutt, Shri Asim Krishna (Calcutta South-West).

Dutta, Shri Santosh Kumar (Howrah).

Dwivedi, Shri Dashrath Prasad (Gorakhpur Distt.—Central).

Dwivedi, Shri M. L. (Hamirpur Distt.).

E

Eacharan, Shri Iyyunni (Ponnani—Reserved—Sch. Castes).

Ebenezer, Dr. S. A. (Vikarabad).

Elayaperumal, Shri L. (Cuddalore—Reserved—Sch. Castes).

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G

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Gami Malludora, Shri (Visakhapatnam—Reserved—Sch. Tribes).

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Gandhi, Shri Maneklal Maganlal (Panch Mahals *cum* Baroda East).

Gandhi, Shri V. B. (Bombay City—North).

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Ganpati Ram, Shri [Jaunpur Distt. (East)—Reserved—Sch. Castes)].

Garg, Shri Ram Pratap (Patiala).

Gautam, Shri C. D. (Balaghat).

Ghose, Shri Surendra Mohan (Malda).

Ghosh, Shri Atulya (Burdwan).

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Gidwani, Shri Choithram Partabrai (Thana)

Giri, Shri V. V. (Pathapatnam).

Giridhari Bhoi, Shri (Kalahandi-Bolangir) Reserved—Sch. Tribes).

Gohain, Shri Chowkhamoon (Nominated—Assam Tribal Areas).

Gopalan, Shri A. K. (Cannanore).

Gopi Ram, Shri (Mandi-Mahasu--Reserved—Sch. Castes).

Gounder, Shri K. Periaswami (Erode).

Gounder, Shri K. Sakthivadivel (Periyakulam).

Govind Das, Seth (Mandla-Jabalpur South).

Guha, Shri Arun Chandra (Santipur).

Gupta, Shri Badshah (Mainpuri Distt.—East).

Gupta, Shri Sadhan Chandra (Calcutta—South—East).

Gurupadaswamy, Shri M. S. (Mysore).

H

Hansda, Shri Benjamin (Purnea *cum* Santal Parganas—Reserved—Sch. Tribes).

Hari Mohan, Dr. (Manbhum North—Reserved—Sch. Castes).

Hasda, Shri Subodh (Midnapore-Jhargram—Reserved—Sch. Tribes).

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I

Ibrahim, Shri A. (Ranchi North-East).

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Islamuddin, Shri Muhammad (Purnea—North-East).

Iyyunni, Shri C. R. (Trichur).

J

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Jain, Shri Ajit Prasad (Saharanpur Distt.—West *cum* Muzaffarnagar Distt.—North).

Jain, Shri Nemi Saran (Bijnor Distt.—South).

Jaipal Singh, Shri (Ranchi West—Reserve d—Sch. Tribes).

aisoorya, Dr. N. M. (Medak).

ajware, Shri Ramraj (Santal Parganas *cum* Hazaribagh).

Jangde, Shri Resham Lal (Bilaspur—Reserved—Sch. Castes).

Jatav-vir, Dr. Manik Chand (Bharatpur-Sawai Madhopur—Reserved—Sch. Castes).

Jayaraman, Shri A. (Tindivanam—Reserved—Sch. Castes).

Jayashri, Shrimati (Bombay-Suburban).

Jena, Shri Kanhu Charan (Balasore—Reserved—Sch. Castes).

Jena, Shri Lakshmidhar (Jaipur-Keonjhar—Reserved—Sch. Castes).

Jena, Shri Niranjan (Dhenkanal-West Cuttack—Reserved—Sch. Castes).

ethan, Shri Kherwar (Palamau *cum* Hazaribagh *cum* Ranchi—Reserved—Sch. Tribes).

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Jogendra Singh, Sardar (Bahraich Distt.—West).

Joshi, Shri Anand Chandra (Shahdol-Sidhi).

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Joshi, Shri Krishnacharya (Yadgir).

Joshi, Shri Liladhar (Shajapur-Rajgarh).

Joshi, Shri Moreshwar Dinkar (Ratnagiri South).

Joshi, Shri Nandlal (Indore).

Joshi, Shrimati Subhadra (Karnal).

Jwala Prashad, Shri (Ajmer North).

K

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Kajrolkar, Shri Narayan Sadoba (Bombay City—North—Reserved—Sch. Castes).

Kakkan, Shri P. (Madurai—Reserved—Sch. Castes).

Kale, Shrimati Anasuyabai (Nagpur).

Kamal Singh, Shri (Shahabad—North-West).

Kamath, Shri Hari Vishnu (Hoshangabad).

Kamble, Dr. Devrao Nambevrao (Nanded—Reserved—Sch. Castes).

Kandasamy, Shri S. K. Babie (Tiruchengode).

Kanungo, Shri Nityanand (Kendrapara).

Karmarkar, Shri D. P. (Dharwar North).

Karni Singhji, His Highness Maharaja Shri Bahadur of Bikaner (Bikaner-Churu).

Kasliwal, Shri Nemi Chandra (Kotah-Jhalawar).

Katham, Shri Birendranath (North Bengal—Reserved—Sch. Tribes).

Katju, Dr. Kailas Nath (Mandsaur).

Kayal, Shri Paresh Nath (Basirhat—Reserved—Sch. Castes).

Kazmi, Shri Syed Mohammad Ahmad (Sultanpur Distt.—North *cum* Faizabad Distt.—South-West).

Kelappan, Shri K. (Ponnani).

Keshavaiengar, Shri N. (Bangalore North).

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Khan, Shri Sadath Ali (Ibrahimpatnam).

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Khare, Dr. N. B. (Gwalior).

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Khongmen, Shrimati B. (Autonomous Distts. —Reserved—Sch. Tribes).

Khuda Baksh, Shri Muhammed (Murshidabad).

Kirolikar, Shri Wasudeo Shridhar (Durg).

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Kottukappally, Shri George Thomas (Meenachil).

Kripalani, Acharya J. B. (Bhagalpur *cum* Purnea).

Krishna, Shri M. R. (Karimnagar—Reserved —Sch. Castes).

Krishna Chandra, Shri (Mathura Distt.—West).

Krishnamachari, Shri T. T. (Madras).

Krishnappa, Shri M. V. (Kolar).

Krishnaswami, Dr. A. (Kancheepuram).

Kureel, Shri Baij Nath (Pratapgarh Distt.—West *cum* Rae Bareli Distt.—East—Reserved—Sch. Castes).

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Lallanji, Shri (Faizabad Distt.—North-West).

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Lingam, Shri N. M. (Coimbatore).

Lotan Ram, Shri (Jalaun Distt. *cum* Etawah Distt.—West *cum* Jhansi Distt.—North—Reserved—Sch. Castes).

M

Madiah Gowda, Shri (Bangalore South).

Mahapatra, Shri Sibnarayan Singh (Sundargarh—Reserved—Sch. Tribes).

Mahata, Shri Bhajahari (Manbhum South *cum* Dhalbhum).

Mahodaya, Shri Vaijanath (Nimar).

Maitra, Shri Mohit Kumar(Culcutta—North West).

Majhi, Shri Chaitan (Manbhum—South *cum* Dhalbhum—Reserved—Sch. Tribes).

Majhi, Shri Ram Chandra (Mayurbhanj—Reserved—Sch. Tribes).

Majithia, Sardar Surjit Singh (Taran Taran).

Malaviya, Shri Keshava Deva (Gonda Distt.—East *cum* Basti Distt.— West).

Malliah, Shri U. Srinivasa (South Kanara—North).

Malvia, Shri Bhagu-Nandu (Shajapur-Rajgarh —Reserved—Sch. Castes).

Malviya, Pandit Chatur Narain (Raisen).

Malviya, Shri Motilal (Chhatarpur-Datia-Tikamgarh—Reserved—Sch. Castes).

Mandal, Dr. Pashupati (Bankura—Reserved—Sch. Castes).

Mascarene, Kumari Annie (Trivandrum).

Masuodi, Maulana Mohammad Saeed (Jammu and Kashmir).

Masuriya Din, Shri (Allahabad Distt.—East *cum* Jaunpur Distt.—West—Reserved—Sch. Castes).

Mathew, Shri C. P. (Kottayam).

Mathuram, Dr. Edward Paul (Tiruchirapalli).

Matthen, Shri C. P. (Thiruvellah).

Mavalankar, Shrimati Sushila (Ahmedabad

Maydeo, Shrimati Indira A. (Poona South).

Mehta, Shri Asoka (Bhandara).

Mehta, Shri Balvantray Gopaljee (Gohilwad).

Mehta, Shri Balwant Sinha (Udaipur).

Mehta, Shri Jaswantraj (Jodhpur).

Menon, Shri K. A. Damodara (Kozhikode).

Minimata, Shrimati (Bilaspur-Durg-Raipur —Reserved—Sch. Castes).

Mishra, Pandit Suresh Chandra (Monghyr North-East).

Mishra, Shri Bibhuti (Saran *cum* Champaran).

Mishra, Shri Lalit Narayan (Darbhanga *cum* Bhagalpur).

M—contd.

Mishra, Shri Lokenath (Puri).

Mishra, Shri Mathura Prasad (Monghyr—North-West).

Mishra, Shri Shyam Nandan (Darbhanga—North).

Misra, Pandit Lingaraj (Khurda).

Misra, Shri Bhupendra Nath (Bilaspur-Durg-Raipur).

Misra, Shri Raghubar Dayal (Bulandshahr Distt.).

Misra, Shri Sarju Prasad (Deoria Distt.—South).

Missir, Shri Vijineshwar (Gaya North).

Mohd. Akbar, Sofi (Jammu and Kashmir).

Mohiuddin, Shri Ahmed (Hyderabad City).

Morarka, Shri Radheshyam Ramkumar (Ganganagar-Jhunjhunu).

More, Shri K. L. (Kolhapur *cum* Satara—Reserved—Sch. Castes).

More, Shri Shankar Shantaram (Sholapur)

Muchaki Kosa, Shri (Bastar—Reserved—Sch. Tribes).

Mudaliar, Shri C. Ramaswamy (Kumbakonam).

Muhammed Shafee, Chaudhuri (Jammu and Kashmir).

Mukerjee, Shri Hirendra Nath (Calcutta—North-East).

Mukne, Shri Y. M. (Thana—Reserved—Sch. Tribes).

Muniswamy, Shri N. R. (Wandiwash).

Muniswamy, Shri V. (Tindivanam).

Murli Manohar, Shri (Ballia Distt. East).

Murthy, Shri B. S. (Eluru).

Musafir, Giani Gurmukh Singh (Amritsar).

Mushar, Shri Kirai (Bhagalpur *cum* Purnea—Reserved—Sch. Castes).

Muthukrishnan, Shri M. (Vellore—Reserved—Sch. Castes).

N

Naidu, Shri Nalla Reddi (Rajahmundry).

Nair, Shri C. Krishnan (Outer Delhi).

Nair, Shri N. Sreekantan (Quilon *cum* Mavelikkara).

Nambiar, Shri K. Ananda (Mayuram).

Nanadas, Shri Mangalagiri (Ongole—Reserved—Sch. Castes).

Nanda, Shri Gulzarilal (Sabarkantha).

Narasimham, Shri S. V. L. (Guntur).

Narasimhan, Shri C. R. (Krishnagiri).

Naskar, Shri Purnendu Sekhar (Diamond Harbour—Reserved—Sch. Castes).

Natawadkar, Shri Jayantrao Ganpat (West Khandesh—Reserved—Sch. Tribes).

Nathani, Shri Hari Ram (Bhilwara).

Nathwani, Shri Narendra P. (Sorath).

Nayar, Shri V. P. (Chirayinkil).

Nehru, Shri Jawaharlal (Allahabad Distt.—East *cum* Jaunpur Distt.—West).

Nehru, Shrimati Shivraj Vati (Lucknow Distt.—Central)

Nehru, Shrimati Uma (Sitapur Distt. *cum* Kheri Distt.—West).

Nesamony, Shri A. (Nagercoil).

Neswi, Shri T. R. (Dharwar—South).

Nevatia, Shri R. P. (Sahjahanpur Distt. —North *cum* Kheri—East).

Nijalingappa, Shri S. (Chitaldrug).

P

Palchoudhury, Shrimati Ila (Nabadwip).

Pande, Shri Badri Dutt (Almora Distt.—North—East).

Pande, Shri C. D. (Naini Tal Distt. *cum* Almora Distt.—South-West *cum* Bareilly Distt.—North).

Pandey, Dr. Natabar (Sambalpur).

Pannalal, Shri (Faizabad Distt.—North-West—Reserved—Sch. Castes).

Paragi Lal, Chaudhari (Sitapur Distt. *cum* Kheri Distt.—West—Reserved—Sch. Castes).

Paranjpe, Shri R. G. (Bhir).

Parekh, Dr. Jayantilal Narbheram (Zalawad).

Parikh, Shri Shantilal Girdharilal (Mehsana East).

P—*contd.*

Parmar, Shri Rupaji Bhavji (Panch Mahals *cum* Baroda East—Reserved—Sch. Tribes).

Pataskar, Shri Hari Vinayak (Jalgaon).

Patel, Shri Bahadurbhai Kunthabhai (Surat—Reserved—Sch. Tribes).

Patel, Shri Rajeshwar (Muzaffarpur *cum* Darbhanga).

Patel, Shrimati Maniben Vallabhbhai (Kaira South).

Pateria, Shri Sushil Kumar (Jabalpur North).

Patil, Shri P. R. Kanavade (Ahmednagar North).

Patil, Shri S. K. (Bombay City—South).

Patil, Shri Shankargauda Veeranagauda (Belgaum South).

Patnaik, Shri Uma Charan (Ghumsur).

Pawar, Shri Vyankatrao Pirajirao (South Satara).

Pillai, Shri P. T. Thanu (Tirunelveli).

Pocker Saheb, Shri B. (Malaopuram).

Prabhakar, Shri Naval (Outer Delhi—Reserved—Sch. Castes).

Punnoose, Shri P. T. (Allenney).

R

Rachiah, Shri N. (Mysore—Reserved—Sch. Castes).

Radha Raman, Shri (Delhi City).

Raghavachari, Shri K. S. (Penukonda).

Raghavaiah, Shri Pisupati Vekata (Ongole).

Raghubir Sahai, Shri (Etah Distt.—North-East *cum* Budaun Distt—East).

Raghubir Singh, Choudhary (Agra Distt.—East).

Raghunath Singh, Shri (Banaras Distt.—Central).

Raghuramaiah, Shri Kotha (Tenali).

Rahman, Shri M. Hifzur (Moradabad Distt.—Central).

Raj Bahadur, Shri (Jaipur-Sawai Madhopur).

Rajabhoj, Shri P. N. (Sholapur—Reserved—Sch. Castes).

Ramachander, Dr. D. (Vellore).

Ramanand Shastri, Swami (Unnao Distt. *cum* Rae Bareli Distt.—West *cum* Hardoi-Distt.—South-East—Reserved—Sch. Castes)

Ramananda Tirtha, Swami (Gulberga).

Ramasami, Shri M. D. (Arruppukkottai).

Ramaseshaiah, Shri N. (Parvathipuram).

Ramaswamy, Shri P. (Mahbubnagar—Reserved—Sch. Castes).

Ramaswamy, Shri S. V. (Salem).

Ram Dass, Shri (Hoshiarpur—Reserved—Sch. Castes).

Ram Krishan, Shri (Mohindergarh).

Ramnarayan Singh, Babu (Hazaribagh West).

Ram Saran, Shri (Moradabad Distt.—West).

Ram Shankar Lal, Shri (Basti Distt.—Central-East *cum* Gorakhpur Distt.—West).

Ram Subhag Singh, Dr. (Shahabad South).

Ranbir Singh, Ch. (Rohtak).

Randaman Singh, Shri (Shahdol-Sidhi—Reserved—Sch. Tribes).

Rane, Shri Shivram Rango (Bhusaval).

Ranjit Singh, Shri (Sangrur).

Rao, Dr. Ch. V. Rama (Kakinada).

Rao, Shri B. Rajagopala (Srikakulam).

Rao, Shri B. Shiva (South Kanara—South)

Rao, Shri Kadyala Gopala (Gudivada).

Rao, Shri Kanety Mohana (Rajahmundry—Reserved—Sch. Castes).

Rao, Shri Kondru Subba (Eluru—Reserved—Sch. Castes).

Rao, Shri P. Subba (Nowrangpur).

Rao, Shri Pendyal Raghava (Warangal).

Rao, Shri Rayasam Seshagiri (Nandyal).

Rao, Shri T. B. Vittal (Khammam).

Raut, Shri Bhola (Saran *cum* Champaran—Reserved—Sch. Castes).

Ray, Shri Birakisor (Cuttack).

Razmi, Shri Said Ullah Khan (Sehore).

R—*contd.*

Reddi, Shri B. Ramachandra (Nellore).

Reddi, Shri C. Madhao (Adilabad).

Reddi, Shri Y. Eswara (Cuddapah).

Reddy, Shri Baddam Yella (Karimnagar).

Reddy, Shri K. Janardhan (Mahbubnagar).

Reddy, Shri Ravi Narayan (Nalgonda).

Reddy, Shri T. N. Vishwanatha (Chittoor).

Richardson, Bishop John (Nominated—Andaman and Nicobar Islands).

Rishang Keishing, Shri (Outer Manipur—Reserved—Sch. Tribes).

Roy, Dr. Satyaban (Uluberia).

Roy, Shri Bishwa Nath (Deoria Distt.—West).

Rup Narain, Shri (Mirzapur Distt. *cum* Banaras Distt.—West—Reserved—Sch. Castes).

S

Sahaya, Shri Syamnandan (Muzaffarpur Central).

Sahu, Shri Bhagabat (Balasore).

Sahu, Shri Rameshwar (Muzaffarpur *cum* Darbhanga—Reserved—Sch. Castes).

Saigal, Sardar Amar Singh (Bilaspur).

Saksena, Shri Mohanlal (Lucknow Distt. *cum* Bara Banki Distt.).

Samanta, Shri Satis Chandra (Tamluk).

Sanganna, Shri T. (Rayagada-Phulbani—Reserved—Sch. Tribes).

Sankarapandian, Shri M. (Sankaranayinarkovil).

Sarma, Shri Debendra Nath (Gauhati).

Sarmah, Shri Debeswar (Golaghat-Jorhat).

Satish Chandra, Shri (Bareilly Distt. South).

Satyawadi, Dr. Virendra Kumar (Karnal—Reserved—Sch. Castes).

Sen, Shri Phani Gopal (Purnea Central).

Sen, Shri Raj Chandra (Kotah-Bundi).

Sen, Shrimati Sushama (Bhagalpur South).

Sewal, Shri A. R. (Chamba-Sirmur).

Shah, Her Highness Rajmata Kamlendu Mati (Garhwal Distt.—West *cum* Tehri Garhwal Distt. *cum* Bijnor Distt.—North.)

Shah, Shri Chimanlal Chakubhai (Gohilwad-Sorath).

Shah, Shri Raichand Bhai N. (Chhindwara).

Shahnawaz Khan, Shri (Meerut Distt.—North-East).

Shakuntala Nayar, Shrimati (Gonda Distt.—West).

Sharma, Pandit Balkrishna (Kanpur Distt.—South *cum* Etawah Distt.—East).

Sharma, Pandit Krishna Chandra (Meerut Distt.—South).

Sharma, Shri Diwan Chand (Hoshiarpur).

Sharma, Shri Khushi Ram (Meerut Distt.—West).

Sharma, Shri Nand Lal (Sikar).

Sharma, Shri Radha Charan (Morena-Bhind).

Shastri, Shri Algu Rai (Azamgarh Distt.—East *cum* Ballia Distt.—West).

Shastri, Shri Raja Ram (Kanpur Distt—Central).

Shivananjappa, Shri M. K. (Mandya).

Shobha Ram, Shri (Alwar).

Shriman Narayan, Shri (Wardha).

Shukla, Pandit Bhagwaticharan (Durg-Bastar).

Siddananjappa, Shri H. (Hassan Chikmagalur).

Singh, Shri C. Sharan (Surguja-Raigarh).

Singh, Shri Digvijaya Narain (Muzaffarpur—North-East).

Singh, Shri Dinesh Pratap (Bahraich Distt.—East).

Singh, Shri Girraj Saran (Bharatpur-Sawai Madhopur).

Singh, Shri Har Prasad (Ghazipur Distt.—West).

Singh, Shri L. Jogeswar (Inner Manipur).

Singh, Shri Mahendra Nath (Saran Central).

Singh, Shri Ram Nagina (Ghazipur Distt.—East *cum* Ballia Distt.—South-West).

S—*contd.*

Singh, Shri Tribhuan Narayan (Banaras Distt.—East).

Singhal, Shri Shri Chand (Aligarh Distt.).

Sinha, Dr. Satyanarain (Saran East).

Sinha, Shri Anirudha (Darbhanga East)

Sinha, Shri Awadheshwar Prasad (Muzaffarpur East).

Sinha, Shri Banarsi Prasad (Monghyr Sadr *cum* Jamui).

Sinha, Shri Gajendra Prasad (Palamau *cum* Hazaribagh *cum* Ranchi).

Sinha, Shri Jhulan (Saran North).

Sinha, Shri Kailash Pati (Patna Central).

Sinha, Shri Nageshwar Prasad (Hazaribagh East).

Sinha, Shri S. (Pataliputra).

Sinha, Shri Satya Narayan (Samastipur East).

Sinha, Shri Satyendra Narayan (Gaya West).

Sinha, Shrimati Tarkeshwari (Patna East)

Sinha, Thakur Jugal Kishore (Muzaffarpur—North-West).

Sinhasan Singh, Shri (Gorakhpur Distt.—South).

Siva, Dr. M. V. Gangadhara (Chittoor—Reserved—Sch. Castes).

Snatak, Shri Nardeo (Aligarh Distt.—Reserved—Sch. Castes).

Sodhia, Shri Khub Chand (Sagar).

Somana, Shri N. (Coorg).

Somani, Shri G. D. (Nagaur-Pali).

Subrahamanyam, Shri Kandala (Vizianagaram).

Subrahmanyam, Shri Tekur (Bellary).

Subramania Chettiar, Shri (Dharmapuri).

Sundaram, Dr. Lanka (Visakhapatnam).

Sunder Lall, Shri (Saharanpur Distt.—West *cum* Muzaffarnagar Distt.—North—Reserved—Sch. Castes).

Suresh Chandra, Dr. (Aurangabad).

Suriya Prashad, Shri (Morena-Bhind—Reserved—Sch. Castes).

Swami, Shri Sivamurthi (Kushtagi).

Swaminadhan, Shrimati Ammu (Dindigul).

Syed Mahmud, Dr. (Champaran East).

T

Tandon, Shri Purushottamdas [Allahabad Distt. (West)].

Tek Chand, Shri (Ambala-Simla).

Telkikar, Shri Shankar Rao (Nanded).

Tewari, Sardar Raj Bhanu Singh (Rewa).

Thimmaiah, Shri Dodda (Kolar—Reserved—Sch. Castes).

Thirani, Shri G. D. (Bargarh).

Thomas, Shri A. M. (Ernakulam).

Thomas, Shri A. V. (Srivaikuntam).

Tivary, Shri Venkatesh Narayan (Kanpur Distt.—North *cum* Farrukhabad Distt.—South).

Tiwari, Pandit B. L. (Nimar).

Tiwari, Shri Ram Sahai (Chhatarpur-Datia-Tikamgarh).

Tiwary, Pandit Dwarka Nath (Saran South).

Tripathi, Shri Hira Vallabh (Muzaffarnagar Distt.—South).

Tripathi, Shri Kamakhya Prasad (Darrang).

Tripathi, Shri Vishwambhar Dayal (Unnao Distt. *cum* Rae Bareli Distt.—West *cum* Hardoi Distt.—South-East).

Trivedi, Shri Umashanker Mulji bha (Chittor).

Tulsidas Kilachand, Shri (Mehsana West).

Tyagi, Shri Mahavir (Dehra Dun Distt. *cum* Bijnor Distt.—North-West *cum* Saharanpur Distt.—West).

U

Uikey, Shri M. G. (Mandla-Jabalpur—South—Reserved—Sch. Tribes).

Upadhyay, Pandit Munishwar Dutt (Partapgarh Distt.—East).

Upadhyay, Shri Shiva Dayal (Banda Distt *cum* Fatehpur Distt.).

Upadhyaya, Shri Shiva Datt (Satna).

V

Vaishnav, Shri Hanamantrao Ganeshrao (Ambad).

Vaishya, Shri Muldas Bhuderdas (Ahmedabad—Reserved—Sch. Castes).

Vallatharas, Shri K. M. (Pudukkottai).

Varma, Shri B. B. (Champaran North).

Varma, Shri Manik Lal (Tonk).

Veeraswamy, Shri V. (Mayuram—Reserved—Sch. Castes).

Velayudhan, Shri R. (Quilon *cum* Mavelikkara—Reserved—Sch. Castes).

Venkataraman, Shri R. (Tanjore).

Verma, Shri Bulaqi Ram (Hardoi Distt.—North-West *cum* Farrukhabad Distt.—East *cum* Shahjahanpur Distt.—South—Reserved—Sch. Castes).

Verma, Shri Ramji (Deoria Distt.—East).

Vidyalankar, Shri Amarnath (Jullundur).

Vishwanath Prasad, Shri (Azamgarh Distt.—West—Reserved—Sch. Castes).

Vyas, Shri Radhelal (Ujjain).

W

Waghmare, Shri Narayan Rao (Parbhani).

Wilson, Shri J. N. (Mirzapur Distt. *cum* Banaras Distt.—West).

Wodeyar, Shri K. G. (Shimoga).

Z

Zaidi, Col. B. H. (Hardoi Distt.—North-West *cum* Farrukhabad Distt.—East *cum* Shahjahanpur Distt.—South).

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Shri M. L. Dwivedi.
Shri Raghubir Sahai.
Shri Asoka Mehta.
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Shri Uma Charan Patnaik.
Shri Jaipal Singh.

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Shri Paidi Lakshmayya.
Shri Mahendra Nath Singh.
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Shri Fulsinhji B. Dabhi.
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Shri R. Venkataraman.
Pandit Lingaraj Misra.

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Shri Liladhar Joshi.
Shri U. R. Bogawat.
Shri Jethalal Harikrishna Joshi.
Shri Ramraj Jajware.
Shri Resham Lal Jangde.
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Shri P. Subba Rao.
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Shri Ramji Verma.

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Shri Goswamiraja Sahdeo Bharati.
Shri Narendra P. Nathwani.
Shri Radheshyam Ramkumar Morarka.
Shrimati Ila Palchoudhuri.
Shri N. Rachiah.
Dr. Natabar Pandey.
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Shri Tek Chand.
Shri Ganpati Ram.
Shri Nandlal Joshi.
Shri Diwan Chand Sharma.
Shri Hem Raj.
Shri H. Siddananjappa.
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Shri Tulsidas Kilachand.
Shri Hirendra Nath Mukerjee.
Shri M. S. Gurupadaswamy.

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Shri Satis Chandra Samanta.
Shri Raghavendrarao Srinivasrao Diwan.
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Shri P. Subba Rao.
Shri P. N. Rajabhoj.
Shri Vishnu Ghanashyam Deshpande.
Shri Satyendra Narayan Sinha.
Pandit Dwarka Nath Tiwary.
Shri C. R. Narasimhan.
Shri Raghubir Sahai.
Pandit Algu Rai Shastri.
Shri Abdus Sattar.
Shri Lakshman Singh Charak.
Shri N. Rachiah.
Shri Radheshyam Ramkumar Morarka.
Shri Mangalagiri Nanadas.
Shri T. B. Vittal Rao.
Shri Y. Gadilingana Gowd.
Shri Jaswantraj Mehta.
Shri A. E. T. Barrow.
Shri Choithram Partabrai Gidwani.

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Shrimati Sushama Sen.
Shri K. S. Raghavachari.
Shri B. G. Mehta.
Shri V. B. Gandhi.
Shri Satya Naryan Sinha.
Shri N. C. Chatterjee.
Shri Kotha Raghuramaiah.
Shri G. S. Altekar.
Shri U. S. Malliah.
Shri A. K. Gopalan.
Shri Tulsidas Kilachand.
Shri J. B. Kripalani.

Shri Uma Charan Patnaik.
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Shri George Thomas Kottukapally.
Shri Digvijaya Narain Singh.
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Shri N. Somana.
Shri Bhupendra Nath Misra.
Shri N. D. Govindaswami Kachiroyar.
Shri Raj Chandra Sen.
Shri K. Ananda Nambiar.
Shri M. S. Gurupadaswamy.

Joint Committee on Salaries and Allowances of Members of Parliament

Lok Sabha

Shri Satya Narayan Sinha. (*Chairman*)
Shri Bhagwat Jha 'Azad'.
Shri U. Srinivasa Malliah.
Shri Diwan Chand Sharma.
Shri Jagan Nath Kolay.
Shri G. H. Deshpande.
Shri Nemi Chandra Kasliwal.
Shri N. C. Chatterjee.
Shri P. T. Punnoose.
Shri Asoka Mehta.

Rajya Sabha

Shri H. C. Dasappa.
Shri D. Narayana.
Shri R. P. N. Sinha.
Shrimati Chandravati Lakhanpal.
Shri V. K. Dhage.

Library Committee

Lok Sabha

Sardar Hukam Singh. (*Chairman*)
Shri V. N. Tivary.
Shri M. L. Dwivedi.
Shri U. C. Patnaik.
Shri M. D. Joshi.
Shri H. N. Mukerjee.

Rajya Sabha

Shri R. D. 'Dinkar' Sinha.
Shri Theodre Bodra.
Shrimati Lilavati Munshi.

Public Accounts Committee

Lok Sabha

Shri V. B. Gandhi. (*Chairman*)
Shri K. G. Deshmukh.
Shri U. Srinivasa Malliah.
Shri Diwan Chand Sharma.
Shri C. D. Pande.
Shri Kamal Kumar Basu.
Shri V. Boovaraghasamy.
Dr. Indubhai B. Amin.
Shri Nibaran Chandra Laskar.
Shrimati Tarkeshwari Sinha.
Shri Tribhuan Narayan Singh.
Shri Radhelal Vyas.
Shri C. P. Matthen.
Shri J. B. Kripalani.
Shrimati Shakuntala Nayar.

Rajya Sabha

Shri G. Ranga.
Shri R. M. Deshmukh.
Shrimati Pushpalata Das.
Shri Shyam Dhar Misra.
Shri P. T. Leuva.
Shri B. C. Ghose.
Shri J. V. K. Vallabharao.

Rules Committee

Shri M. Ananthasayanam Ayyangar. (*Chairman*)
Sardar Hukam Singh.
Pandit Thakur Das Bhargava.
Shri Satya Narayan Sinha.
Shri N. Keshavaiengar.
Shri Shivram Rango Rane.
Shri Ghamandi Lal Bansal.
Shri Khushi Ram Sharma.
Shri Kotha Raghuramaiah.
Shri Satis Chandra Samanta.
Dr. N. M. Jaisoorya.
Shri N. C. Chatterjee.
Shri Bhawani Singh.
Shri Kamal Kumar Basu.
Shri K. S. Raghavachari.

GOVERNMENT OF INDIA

Members of the Cabinet

Prime Minister and Minister of External Affairs and also in charge of the Department of Atomic Energy—Shri Jawaharlal Nehru.

Minister of Education and National Resources and Scientific Research—Maulana Abul Kalam Azad.

Minister of Home Affairs—Pandit Govind Ballabh Pant.

Minister of Communications—Shri Jagjivan Ram.

Minister of Health—Rajkumari Amrit Kaur.

Minister of Finance—Shri C. D. Deshmukh.

Minister of Planning and Irrigation and Power—Shri Gulzarilal Nanda.

Minister of Defence—Dr. Kailas Nath Katju.

Minister of Commerce and Industry and Iron and Steel—Shri T. T. Krishnamachari.

Minister of Law and Minority Affairs—Shri C. C. Biswas.

Minister of Railways and Transport—Shri Lal Bahadur Shastri.

Minister of Works, Housing and Supply—Sardar Swaran Singh.

Minister of Production—Shri K. C. Reddy.

Minister of Food and Agriculture—Shri Ajit Prasad Jain.

Minister of Labour—Shri Khandubhai Desai.

Minister without Portfolio—Shri V. K. Krishna Menon.

Ministers of Cabinet Rank (but not members of the Cabinet)

Minister of Parliamentary Affairs—Shri Satya Narayan Sinha.

Minister of Defence Organisation—Shri Mahavir Tyagi.

Minister of Information and Broadcasting—Dr. B. V. Keskar.

Minister of Trade—Shri D. P. Karmarkar.

Minister of Agriculture—Dr. Panjabrao S. Deshmukh.

Minister in the Ministry of External Affairs—Dr. Syed Mahmud.

Minister of Legal Affairs—Shri Hari Vinayak Pataskar.

Minister of Natural Resources—Shri K. D. Malaviya.

Minister of Revenue and Civil Expenditure—Shri M. C. Shah.

Minister of Revenue and Defence Expenditure—Shri Arun Chandra Guha.

Minister of Rehabilitation—Shri Mehr Chand Khanna.

Minister of Consumer Industries—Shri Nityanand Kanungo.

Minister in the Ministry of Communications—Shri Raj Bahadur.

Minister in the Ministry of Home Affairs—Shri B. N. Datar.

Minister of Heavy Industries—Shri M. M. Shah.

Deputy Ministers

Deputy Minister of Defence—Sardar S. S. Majithia.

Deputy Minister of Labour—Shri Abid Ali.

Deputy Minister of Rehabilitation—Shri J. K. Bhonsle.

Deputy Minister of Railways and Transport—Shri O. V. Alagesan.

Deputy Minister of Health—Shrimati M. Chandrasekhar.

Deputy Minister of External Affairs—Shri Anil Kumar Chanda.

Deputy Minister of Food and Agriculture—Shri M. V. Krishnappa

Deputy Minister of Irrigation and Power—Shri Jaisukhlal Hathi.

Deputy Minister of Production—Shri Satish Chandra.

Deputy Minister of Planning—Shri Shyam Nandan Mishra.

Deputy Minister of Education—Dr. K. L. Shrimali.

Deputy Minister of Finance—Shri Bali Ram Bhagat.

Deputy Minister of Education—Dr. Mono Mohon Das.

Parliamentary Secretaries]

Parliamentary Secretary to the Minister of External Affairs—Shrimati Lakshmi N. Menon.

Parliamentary Secretary to the Minister of Railways and Transport—Shri Shahnawaz Khan.

Parliamentary Secretary to the Minister of External Affairs—Shri Jogendra Nath Hazarika.]

Parliamentary Secretary to the Minister of Production—Shri Rajaram Giridharlal Dubey.

Parliamentary Secretary to the Minister of External Affairs—Shri Sadath Ali Khan.

Parliamentary Secretary to the Minister of Information and Broadcasting—Shri G. Rajagopalan.

Parliamentary Secretary to the Minister of Works, Housing and Supply—Shri Purnendu Sekhar Naskar.

LOK SABHA DEBATES
(Part I—Questions and Answers)

Dated 30.03.201.

LOK SABHA

Friday, 20th July, 1956

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Metric System of Weights and Measures

***129. Shri Bhagwat Jha Azad:** Will the Minister of **Commerce and Industry** be pleased to state whether Government have finally decided the date for the introduction of metric system of weights and measures in the country ?

The Minister of Consumer Industries (Shri Kanungo): No, Sir. It is expected that proposals in this connection would be placed before Parliament during this session.

Shri Bhagwat Jha Azad: May I know what would be the salient features of the proposals that would be placed before Parliament ?

Shri Kanungo: A Bill would come before the House which would lay down the standards.

Shri A. M. Thomas: May I know whether arrangements have been made by the Education Ministry in consultation with the Commerce and Industry Ministry to make any changes in the curriculum or subjects of students so that it may be easier for them to switch on to the new system ?

Shri Kanungo : When the Bill is taken up for discussion, all the suggestions will be discussed in the House.

Shri Bhagwat Jha Azad: May I know whether before introducing the Bill the opinion of the State Governments has been sought for and, if so, what are the reactions of the State Governments in this respect ?

Shri Kanungo: The matter was discussed with the State Governments before, and most of them have agreed to it. Regarding the Bill, the opinions of State Governments will be placed before the House.

Shri N. B. Chowdhury: In view of the earlier assurance that the new system will be introduced in a phased manner, may I know whether the plan with regard to the different stages will also be incorporated in the Bill ?

Shri Kanungo: That is in Parliament's hands. They can extend the period—the transition—or reduce it.

Industrial Co-operatives

***130. Shri Shree Narayan Das:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Government of Bihar have submitted any schemes for financial assistance to encourage the formation of Industrial Co-operatives;

(b) if so, the nature of such schemes and the amount asked therefor; and

(c) the amount sanctioned so far in this regard ?

The Minister of Consumer Industries (Shri Kanungo): (a) No schemes for Industrial Co-operatives as such.

(b) and (c). Do not arise.

Shri Shree Narayan Das: May I know whether the Central Government has drawn up any scheme to offer some kind of assistance to the various State Governments for the formation of Industrial Co-operatives and, if so, what it is ?

Shri Kanungo: The broad lines of assistance which will be available from the Centre have been intimated to the States.

Shri Shree Narayan Das: May I know whether any State other than Bihar has sought the Central Government's help in this matter ?

Shri Kanungo: Yes, some had.

Bhakra Electricity for Delhi State

***131. Shri Radha Raman:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) Whether Government's plan to obtain the required supply of electric energy for Delhi State from Bhakra is being implemented as per original schedule or any change is envisaged in it;

(b) whether the schedule of supply prepared had taken account of the increasing requirement; and

(c) if so, when Delhi will receive its full requirement?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No, Sir. The original programme had to be revised from time to time because of some unavoidable delay in the receipt of Power House equipment from abroad and consequent delay in the scheduled construction.

(b) Yes Sir.

(c) In 1960-61 when the generating units in the Bhakra Power House are expected to be commissioned.

Shri Radha Raman: May I know if the Government have assessed the requirement of electricity in Delhi for governmental, domestic as well as industrial purposes separately, and how this requirement is proposed to be met by Government?

Shri Hathi: We assessed it somewhere in 1954-55 when the total load survey in 1960-61 was estimated to be about 90,000 k. w.

Shri Radha Raman: May I know whether any priorities are fixed for the present as well as the future supplies of electricity in Delhi and, if so, what are they?

Shri Hathi: That is generally being done by the Delhi Power Control Board.

Shri Radha Raman: May I know whether Government has on an earlier occasion announced that so far as the electric supply required for domestic purposes is concerned, it is in a self-sufficient state? is this position correct, or has there been any change in it?

Shri Hathi: It is a relative term. The domestic supply in small quantities could be given , and the Ministry had issued instructions that for small power consumptions there might be a relaxation. But if further demands are there, for air conditioning or for industries, then it has to be regulated.

Shri N. B. Chowdhury: May I know whether, in addition to the supply from Bhakra, any proposal is under the consideration of Government to set up a separate thermal station for supply of electricity to Delhi?

Shri Hathi: Yes, Sir, the Delhi State Government has made proposals for the installation of a 20,000 k.w. thermal plant.

Kundra Ceramic Factory

***132. Shri A. K. Gopalan:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Sales Depots of Government controlled Kundra Ceramic Factory in Travancore-Cochin State are profitable; and

(b) the total amount collected in 1955 from all the depots and the Ceramic factory?

The Minister of Heavy Industries (Shri M. M. Shah): (a) and(b) Information has been called for from the Travancore and Cochin Government and is still awaited.

Shri A. K. Gopalan: Sir, this is not the first question about Travancore-Cochin. Four days back, on the 16th, I had put another question, and the answer to that also was that information has been called for. Today also the answer is that the information has been called for from the Travancore-Cochin Government. I had given notice of this question at the proper time, in fact one month earlier. I do not know why there is so much delay in finding out the sales. Especially as far as Travancore-Cochin, when the legislature has been suspended and power has been taken over by Centre, this is the only place where the question can be asked. The other day also I wanted to have some information only about the Community Projects, whether the peasants have been evicted. But I could not have the information.

Mr. Speaker: The hon. Minister must supply the information next week.

Shri A. K. Gopalan: And may I submit, Sir, that hereafter not only the particular Minister to whom the question is addressed but also the other Ministers concerned may give the information and not just say "we have asked for information"?

Mr. Speaker: I want to make this observation with respect to the affairs relating to Travancore-Cochin. There is no Legislative Assembly there now. And therefore, hon. Ministers will try to gather as much information as possible. If the information is not complete, they can say it is not complete and they are getting more information.

Shri A. M. Thomas: Apart from the statistics that have been called for in respect of this question, may I enquire whether the hon. Minister for Heavy Industries, when he visited Travancore-Cochin, did enquire into the drawbacks in the working of this factory, and whether he has made any assessment of the requirements and the expansion plan, so that it may work efficiently and in the most economic manner possible?

Shri M. M. Shah: Yes, Sir, I enquired and visited the factory also. There is no reduction in the production capacity. But because of the expansion taking place there, the production has fallen down temporarily. And it is expected that with the additional machinery and equipment costing Rs. 40 lakhs, it will be one of the most up-to-date factories of porcelain, and the production will increase from 185 tons per annum to 684 tons per annum of crockery and 228 tons per annum of insulators. So I can assure the hon. Member that the factory is going to work very satisfactorily.

Shri Matthen: May I know whether the new kiln has started working there?

Shri M. M. Shah: It will start working when the expansion programme is completed.

Shri Achuthan: May I know whether there is any trouble in the management of the factory?

Shri M. M. Shah: The Information has been called for, but there is no trouble as far as the management of the present factory is concerned.

Evacuee Property Law in Pakistan

*134. **Shri Gidwani:** Will the Minister of **Rehabilitation** be pleased to refer to the reply given to Starred Question No. 2705 on the 30th May, 1956 and state:

(a) whether any final reply has since been received from the Pakistan Government regarding the abrogation of Evacuee Property Law in Pakistan; and

(b) if so, what is the nature of the reply?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) The Pakistan Government have stated that the necessary legislation for the repeal of Evacuee Property Law in Pakistan was in an advanced stage and it was hoped that it would come into force in the near future.

Shri Gidwani: May I know whether any communication in reply to the letter sent by the Minister for Rehabilitation for India has been received from the Pakistan Government regarding the withdrawal of notices issued in West Pakistan?

Shri J. K. Bhonsle: No reply has been received to the last letter that was written on the subject by the Ministry of Rehabilitation in the third week of June.

Sardar Hukam Singh: Are there any cases pending before the Custodian for the determination of the fact whether any properties are 'evacuee property'?

Shri J. K. Bhonsle: It is a very difficult question to answer from here.

Shri Gidwani: When was the Evacuee Law abrogated in India?

Shri J. K. Bhonsle: In October, 1954.

Shri Gidwani: In how many cases have the evacuee properties been restored even though they were declared as 'evacuee properties' by competent authorities?

Shri J. K. Bhonsle: I have not got the actual figure of the number of cases that have been decided, but so far we have released properties to the tune of Rs. 1 crore and 25 lakhs from the date the Evacuee Property Law came into operation.

Shri Gidwani: How many cases are still pending?

Shri J. K. Bhonsle: About 3,000. In that connection, I may also point out that we have appointed special judges to deal with these cases and we hope that within a year these 3,000 cases will also be disposed of.

Negotiation with South Africa

*136. **Shri Dabhi:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that a letter stating that India is willing to reopen negotiations with the Union of South Africa on the question of the treatment of people of Indian origin in South Africa, has recently been sent by Government to the Union Government of South Africa;

(b) if so, the reasons for the same; and

(c) whether Government have received any reply from the Union Government of South Africa?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) This was done in accordance with the U. N. Resolution of 14th December, 1955, which urged the parties concerned to pursue negotiations.

(c) Yes. The Government of the Union of South Africa have communicated their inability to enter into any further negotiations in the matter.

Shri B. S. Murthy: Now that this letter has been written in accordance with the resolution of the U.N.O., may I know what the Government is contemplating to do?

Shri Sadath Ali Khan: The Government of India will now report the failure of their efforts in the next session of the General Assembly.

Shri B. D. Pande : May I know if our Prime Minister had any talks with the South African Prime Minister in London about this?

Shri Sadath Ali Khan : I am not aware of it.

Shri Krishnacharya Joshi : What is the attitude of Pakistan in this matter?

Shri Sadath Ali Khan : India and Pakistan have always taken a united stand on this matter.

Shri B. S. Murthy : May I know whether the Indian delegate at the U.N.O. had any consultations with the Secretary General of the U.N.O. before taking this step of writing a letter to the South African Government?

Shri Sadath Ali Khan : There is no need to consult the Secretary-General on this point. This is a dispute between two Governments.

Shri K. K. Basu : May I know whether this subject was on the agenda of the recent Prime Ministers' Conference?

Shri Sadath Ali Khan : I am not aware of it.

श्री म० ला० द्विवेदी : साउथ अफीका के हिन्दुस्तानियों के सिलसिले में यू० एन० ओ० के चार्टर में संशोधन करने के सम्बन्ध में वार्ता चल रही है। मैं जानना चाहता हूं कि क्या सरकार ने इस विषय में कोई विचार किया है ?

श्री सादत अली खां : नहीं, जहां तक मुझे मालूम है, ऐसा कोई विचार नहीं हुआ।

Soda-Ash Factory

*137. **Shri Kamath** : Will the Minister of **Commerce and Industry** be pleased to refer to the replies given to Supplementaries raised on Starred Question No. 2302 on the 17th May, 1956 and state :

(a) whether the licence for the setting up of a Soda-ash factory at Mughalsarai (U.P.) has been granted; and

(b) if so, to whom?

The Minister of Heavy Industries (Shri M. M. Shah) : (a) No, Sir.

(b) Does not arise.

Shri Kamath : Has Government taken any decision so far as to how many of these soda-ash plants will be allotted to the public sector and how many to the private sector during the Second Five Year Plan?

Shri M. M. Shah : No soda-ash plants are going to be set up in the public sector.

Shri Kamath : What are the reasons for this particular decision?

Shri M. M. Shah : That is in accordance with the industrial policy statement laid before the House; in accordance with the industrial policy and for want of resources, soda-ash has not been placed in the public sector.

Shri Kamath : How many soda-ash plants are going to be established in India during the Second Five Year Plan?

Shri M. M. Shah : Four.

Shri Kamath : Are all the four plants going to be in the private sector?

Shri M. M. Shah : Yes, Sir.

Shri Kamath : How many applications have been received so far?

Shri M. M. Shah : Three have been sanctioned and about four are pending.

Shri Kamath : In whose favour have they been sanctioned?

Shri M. M. Shah : One in for Saurashtra Chemicals ; another is for Tuticorin and a third is under consideration for Bihar.

लोहे का वितरण

*१३८. **पंडित डा० ना० तिवारी** : क्या **वाणिज्य और उद्योग मंत्री** यह बताने की कृपा करेंगे कि :

(क) क्या लोहे और इस्पात के बारे में नये नियंत्रण आदेश से लोहे के वितरण में सुविधा हुई है; और

(ख) क्या अभ्यंशधारियों को लोहा और इस्पात समय पर तथा उचित मूल्य पर मिल रहा है ?

भारी उद्योग मंत्री (श्री म० म० शाह): (क) लोहे और इस्पात के बारे में नये नियंत्रण आदेश से वितरण की प्रणाली में कोई परिवर्तन नहीं हुये हैं।

(ख) लोहे और इस्पात के अभ्यंशधारियों को लोहा और इस्पात नियंत्रित भावों पर मिलता है। पहले वंटित माल प्राप्त होने में कुछ विलम्ब हुआ करता

था । आशा है कि १९५६–५७ के बंटनों के सम्बन्ध में इन में से अधिकांश विलम्ब समाप्त हो जायगा ।

Shri T. S. A. Chettiar : The reply may be given in English also.

Mr. Speaker : The Minister may give the English reply.

The Minister of Heavy Industries (Shri M. M. Shah) : (a) The new control order in regard to iron and steel has made no changes in the system of distribution.

(b) Quota-holders of iron and steel get iron and steel at controlled rates. There has been some delay in the past in effecting deliveries against allocations made. It is hoped that in respct of 1956-57 allotments, much of these delays would be eliminated.

पंडित द्वा० ना० तिवारी : क्या सरकार के पास ऐसी शिकायतें आई हैं कि लोहे के वितरण में लोगों को बहुत दिक्कतें होती हैं और उन को दूर करने के लिये कोई उपाय किये जायें ?

श्री म० म० शाह : शिकायतें आती हैं और उन को दूर करने की कोशिश की जा रही है ।

पंडित द्वा० ना० तिवारी : मैं यह जानना चाहता हूं कि गत दो वर्षों में जितनी शिकायतें आई हैं, उन को दूर करने के लिये और लोगों की दिक्कतें कम करने के लिये सरकार की ओर से क्या नई बात की गई है, क्या पग उठाया गया है और क्या प्रगति का कार्य किया गया है ?

श्री म० म० शाह : जहां तक गत दो वर्षों की सूचना का सम्बन्ध है, उस के लिये नोटिस चाहिये । पर मैं इतना कह सकता हूं कि इम्पोर्ट का प्रोग्राम (आयात का कार्यक्रम) इतना बढ़ाया जा रहा है कि जहां तक हो सके, लोगों की जितनी भी डिमांड (मांग) हो, वह सन्तुष्ट की जाये ।

Shri T. N. Singh : Is it not a fact that the price structure has altered and it is not according to the distance from the ports? Has not the equalisation of the freight burden to all distances resulted in a rather higher rate to consumers comparatively?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : It does not alter the system of distribution.

Shri T. N. Singh : As a result of this equalisation of freight, is it not true that the freight paid by the consumer leaves a balance in favour of the producer?

Shri T. T. Krishnamachari : What my hon. friend has presumed is not substantiated by facts.

Shri T. S. A. Chettiar : May I know whether people who have received their allotments last year can expect their allotments to be sanctioned now?

Shri T. T. Krishnamachari : So far as it is possible to satisfy the allottees who got their allotments in the past, it will be done.

श्री म० ला० द्विवेदी : अभी मंत्री महोदय ने बताया है कि आयरन एंड स्टील (लोहा और इस्पात) की पालिसी में कोई परिवर्तन नहीं किया गया है । मुझे मालूम है कि छोटे छोटे कनज्यूमर्ज़ (उपभोक्ताओं) को आयरन एंड स्टील का एलाटमेंट मिलता नहीं है । मैं जानना चाहता हूं कि छोटे छोटे कन्ज्यूमर्ज़ के लिये सुविधा हो सके, इस बारे में सरकार क्या कोई कदम उठा रही है ?

श्री म० म० शाह : वितरण की नीति में कोई तबदीली नहीं की गई है । जो फ़र्क़ हुआ है, वह इम्पोर्ट (आयात) की पालिसी में हुआ है । जैसा कि अभी मिनिस्टर साहब ने फरमाया है, ईक्वलइज़ेशन आफ़ प्राइसिज़ (मूल्यों की समानता) किया गया है और इस बात की तरफ खास तवज्जह दी जाती है कि छोटे छोटे कनज्यूमर्ज़ को आयरन और स्टील देने के लिये रजिस्टर्ड स्टाक-होल्डर्ज़ और लाइसेन्स-होल्डर्ज़ को माल दिया जाय ।

Shri K. K. Basu : As a result of the new price structure, may I know whether the off-take in the port area has decreased?

Shri T. T. Krishnamachari : I am not in a position to say anything now; we have to wait and see.

श्री भागवत झा आजाद : अभी माननीय मंत्री ने बताया है कि लोगों की डिमांड को सन्तुष्ट करने के लिये वह आयात कर

रहे हैं। मैं यह जानना चाहता हूं कि हमारी मांग का कितना प्रतिशत लोहे के आयात से पूरा हो जायेगा ?

श्री म० म० शाह : हमारे उत्पादन का तकरीबन अस्सीं फीसदी ।

Shri S. V. Ramaswamy : Has it been brought to the notice of the Minister that the number of distributors has not increased and in certain places there is only one distributor, who is in a position to dictate the price and do black-marketing? If so, will the Ministry consider the advisability of requesting the State Governments to increase the number of distributors?

Shri M. M. Shah : If proposals come from the State Governments to increase the number of distributors, they shall be favourably considered.

पंडित द्वा० ना० तिवारी : माननीय मंत्री जी ने कहा है कि डिस्ट्रिब्यूशन के प्रबन्ध में कोई परिवर्तन नहीं हुआ है। क्या यह बात सही है कि एक वर्ष पहले लोहे की कुछ किस्मों पर—सम काइन्ड्स आफ आयरन पर—कोई कन्ट्रोल नहीं था और वह लोगों को मिलता था और आज सब पर कंट्रोल हो गया है और इस कारण छोटे छोटे कनज्यूमर्ज को और खास तौर से देहात के रहने वाले लोगों को लोहा नहीं मिलता है ?

श्री म० म० शाह : मैं कह रहा था कि वितरण की नीति में कोई फर्क नहीं हुआ है, कंट्रोल में फर्क हुआ है और इसी लिये नया कंट्रोल आर्डर जारी किया गया है। जहां तक छोटे आदमी का ताल्लुक है, काटेज इंडस्ट्रीज और स्माल स्केल इंडस्ट्रीज (गृह उद्योग और छोटे पैमाने के उद्योग) के लिये कोटा बहुत बढ़ाया गया है—पिछले साल ६८,००० टन दिया गया था और इस साल यह कोटा पौने दो लाख टन दिया गया है।

Development of Sundarbans

*140. **Shri S. C. Samanta** : Will the Minister of **Planning** be pleased to refer to the reply given to Starred Question No. 2702 on the 30th May, 1956 and state :

(a) whether the scheme submitted by the Government of West Bengal on the flood control and the development of Sundarbans and 24 Parganas, has been sanctioned by this time;

(b) if so, how much work is expected to be taken up during 1956-57; and

(c) whether the sanctioned quota will be revised due to the heavy cyclone in the area?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) No, Sir. Certain particulars are awaited from the State Government on receipt of which they will be duly considered.

(b) and (c). Do not arise.

Shri S .C. Samanta : Is it not a fact that the Sunderbans area was under the zamindari system, that after the taking of the zamindari, there is lapse of time in which these places have suffered much, especially during the last cyclone and that there have been breaches of embankment? May I know whether the Government is going to take up this matter soon?

Shri Hathi : The Government has taken up the matter with the West Bengal Government. It is not a question of not admitting these schemes. It is only a question whether they are qualified to come under flood control or under reclamation or any other scheme. The West Bengal Government has been told that it can bring in these schemes under the Food and Agriculture Ministry Plan or Rehabilitation if it can resettle refugees on these lands. It is not a question of rejecting. Particulars are awaited. Under whatever head these schemes will be qualified, they will be considered.

Shri S. C. Samanta : Two schemes were submitted by the West Bengal Government costing about Rs. 350 lakhs. May I know whether any additional amount has been asked from the Planning Commission after the cyclone ?

Shri Hathi : No. The schemes that were submitted were for Rs. 3·5 crores. The estimates were recast in consultation with the West Bengal Government. That estimate has come to Rs. 2·79 crores.

Shrimati Renu Chakravartty : May I know if the Government is aware that because of the very bad silting up of the rivers in this area, at the present moment, due to the heavy rainfall this year, very large areas are still under water, and any schemes cannot be undertaken because of lack of funds and sanction of money here?

May I know whether the Government will take up the work as a priority and pass these schemes without waiting for technicalities as to under what head it should come?

Shri Hathi : That is a question for the West Bengal Government to move. As soon as it moves, we shall give all priority and do whatever is possible for us.

The Minister of Planning and Irrigation and Power (Shri Nanda) : I may add that the arrangement regarding this scheme is that although it would not be possible to make provision under flood control allocations, the Government of West Bengal has been told that it may provide for this scheme partly through a readjustment of the Plan under the ceiling assigned and partly from the Central Government under the two heads about which my colleague has given information already, that is G.M.F. or Rehabilitation or Reclamation.

Shri K. K. Basu : May I know whether the large programme of expenditure that has been found necessary in this riverine work could not be brought under flood control schemes?

Shri Nanda : This was very thoroughly examined. Certain criteria have been laid down. These schemes could not be brought under the flood control category of schemes as they have not satisfied that test.

Shrimati Renu Chakravartty : Could the hon. Minister lay on the Table of the House the schemes which have been submitted by the West Bengal Government.

Shri Nanda : Yes.

Small-Scale Industries

***141. Shri Ram Krishan :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether the team of three technical experts from West Germany for the purpose of advising and designing suitable small machines for the use of small-scale industries in India has submitted its report ; and

(b) if so, the details thereof ?

The Minister of Consumer Industries (Shri Kanungo) : (a) Yes, Sir.

(b) A statement showing the important recommendations made by the experts in their report is laid on the Table of the House [*See* Appendix I, annexure No. 45].

श्री रामकृष्ण : क्या मैं जान सकता हूं कि इस रिपोर्ट पर अब तक क्या एक्शन (कार्यवाही) लिया गया है ?

श्री कानूनगो : उसकी जांच की जा रही है कि कहां क्या क्या करना है ।

Shri T. S. A. Chettiar : In view of the importance of this question, I request that this report will be circulated to the Members of the House.

Shri Kanungo : It has been laid on the Table of the House. It has not yet been printed. After it is printed, copies can be circulated.

Cement Imports

***143. Shri M. S. Gurupadaswamy :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) the names of the countries from which cement has been imported during 1956 so far ;

(b) the quantity and the rates at which the cement has been imported from these countries separately and how it compares with the prices prevailing in this country ;

(c) whether any negotiations are going on to import cement from other countries ; and

(d) if so, the names of the countries, the rates quoted by them and the quantity proposed to be imported therefrom ?

The Minister of Commerce and Industry and Iron and Steel (Shri T.T. Krishnamachari): (a) and (b). A statement is laid on the Table of the House [*See* Appendix I, annexure No. 46].

(c) and (d). Yes, Sir. The quantity expected to be imported is about 190,000 tons. The prices vary from Sh. 165 per ton to Sh. 179 per ton and the countries from which shipments are expected are U. S. S. R., Rumania, Yugoslavia, Poland and Japan.

Shri M. S. Gurupadaswamy : May I know whether the Government has made any estimate of the requirements of cement ?

Shri T. T. Krishnamachari : On the basis of the demand that we get quarter by quarter our estimated demand touches about 10 million tons a year. Our production by July is about 5·3 million tons. We expect there will be an increased production as the year advances and reach about a little over 6 million tons, by March next year. Our anticipations are that we may be able to import somewhere between 600,000 and 800,000 tons of cement. Undoubtedly we shall not be able to satisfy all the demand.

Shri M. S. Gurupadaswamy : May I know whether the import of cement from Russia and other countries such as Rumania is based on barter agreement or based on something else ?

Shri T. T. Krishnamachari : No imports are based on the barter agreement.

Shri C. D. Pande : Since the quantity of imported cement is not even 5 per cent.

of internal production, the policy of pooling the prices has resulted in increased cement prices and has added to the burden on the consumers. Is it a fact that the Government will reduce pool price till it gets a sufficient quantity of cement to justify that pooling ?

Shri T. T. Krishnamachari : I am afraid, it will not be 5 per cent. We propose to import 15 per cent. The prices have been so worked as to cover the imports that we are going to make.

Mr. Speaker : Shri Jaipal Singh.

Shri M. L. Dwivedi : I have got my name clubbed with the questioner. I have got a question.

Mr. Speaker : I have called Shri Jaipal Singh. I will call the hon. Member next.

Shri Jaipal Singh : May I know whether the Government has been able to take advantage of the supply of cement from the U. S. S. R. to Burma which the Government of Burma does not want ? This has happened within the last few weeks.

Shri T. T. Krishnamachari : We attempted; but in actual practice, it did not materialise.

श्री म० ला० द्विवेदी : अभी तक सीमेंट की कुल कितनी क्वांटिटी इम्पोर्ट की गयी है ? मैं जानना चाहता हूं कि पाकिस्तान से जो सीमेंट मंगाया जा रहा था उसकी क्या कीमत पाकिस्तान ने कोट की ? उस सीमेंट को हमने क्यों नहीं लिया, और जो सीमेंट पाकिस्तान से आने वाला था उसके बदले में हम कहां से और सीमेंट मंगा रहे हैं ?

Shri T. T. Krishnamachari : The quantity is given in the statement. That happens to be so far about 13,300 tons. So far as Pakistan is concerned, I do not think very much is likely to come from it. We have necessarily to import a little from East Pakistan, which Burma used to get and which we have been doing. That amounts to 1,500 tons. We have got 1,500 from West Pakistan. I am not very hopeful of importing any large quantity. Maybe something would materialise.

Shri M. L. Dwivedi : A part of my question has not been answered.

Shri T. T. Krishnamachari : I could not follow that.

Shri M. L. Dwivedi : I enquired what was the price that has been quoted by the Pakistan Government and whether that price has been acceptable to us.

Shri T. T. Krishnamachari : Prices vary from source to source. For the A.C.C. cement that comes from Pakistan we have to pay a higher price. We have been trying to negotiate a lower price with the Pakistan Industrial Development Corporation. I am not in a position to dabble in prices.

श्री रघुनाथ सिंह : ईस्ट पाकिस्तान से जो आपने सीमेंट लिया है उसका भाव ११६ रुपया है और वैस्ट पाकिस्तान से जो लिया उसका भाव १०३ रुपया है। हम यह जानना चाहते हैं कि इन दोनों भावों में अन्तर क्यों है ?

Shri T. T. Krishnamachari : That is because of the cost of production. East Pakistan cement costs more.

Shri C. D. Pande : The hon. Minister said that the quantity imported so far within the last six months is 13,000 tons. There is no expectation that within the next six months we would exceed the import figure of 2 lakh tons. Therefore, my figure that it is 5 per cent. of the entire internal production is not far too wrong. The prices should not be so fixed as to affect every consumer in view of the import of 13,000 tons. This is a drop in the ocean of consumption.

Shri T. T. Krishnamachari : I am afraid my hon. friend will not be able to understand the real position, until he occupies my seat, which I hope he will. But I never said that our expectations are in terms of five per cent. of the total production. Actually, our expectations, as I said earlier, of contracts made so far are 190,000 tons. We are negotiating for the purchase of about 400,000 odd tons, and we expect, as I said, anything between 600,000 to 800,000 tons. And imports have to be equalised. In working out the prices, we have been very careful not to err on the wrong side lest my hon. friend might come afterwards and say, ' You have not calculated properly. So, State trading is a failure '.

श्रीमती कमलेन्दुमति शाह : क्या मंत्री महोदय यह बतलाने की कृपा करेंगे कि इसका क्या कारण है कि ब्लैक मार्केट में तो सीमेंट, लोहा केवल एक रुपया अधिक दाम पर मिल जाता है लेकिन वैसे नहीं मिलता है ?

Shri T. T. Krishnamachari : I may also ask ' Why' ?

Shrimati Kamlendumati Shah: I would tell you if I were in your place, but here I am to ask and not to answer.

Shri B. D. Pande: In view of the shortage of cement, may I know how many new factories are going to be established in India?

Shri T. T. Krishnamachari: I cannot give the number. But we expect to increase the production of cement to about 16 million tons. As I said, the present figure is 5·3 million tons. We expect to add more than 10 million tons to this figure of production in the course of the next five years.

Indian Missions

*147. **Shri Krishnacharya Joshi**: Will the **Prime Minister** be pleased to state:

(a) whether on the basis of the inspecting teams, reports on the Indian Missions in China, Japan, Indonesia, Burma, Indo-China etc. foreign allowances have been revised; and

(b) what other changes have been made in administrative matters?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (b) Yes, Sir.

(*b*) No change has been made in the general pattern of administration of our Missions and Posts abroad.

Shri Krishnacharya Joshi: May I know the basis of revision of these allowances?

Shri Sadath Ali Khan: Of course, they make a study of the conditions of living and the prevailing prices of foodstuffs and other essential supplies. These matters are taken into consideration, and then accordingly the pay and allowances are fixed.

Shri Krishnacharya Joshi: May I know whether any special facilities are being given to lower staff?

Shri Sadath Ali Khan: Yes, in some cases, the lower staff are being given further facilities. For instance, in the case of children's education allowance, the lower staff have been given certain facilities. But this allowance is not admissible in the case of officers above the rank of first secretary who are drawing a basic pay of Rs. 1,800. But for those drawing below that level, certain facilities have been given.

Shri Krishnacharya Joshi: May I know whether the other Embassies are also being inspected in this manner?

Shri Sadath Ali Khan: Yes, all the Embassies will be inspected in due course.

Shri Kamath: Have similar changes with regard to these foreign allowances or administrative set-up been made in respect of our Embassies and Legations in Europe and America?

Shri Sadath Ali Khan: Yes, I have a list of the places that have so far been visited by these inspectors, which cover European Embassies too, such as those in London, Brussels, the Hague, Bonn, Berne, Geneva, Paris, France, Moscow, Stockholm, Rome etc.

Shri Bansal: May I know whether any changes have been made in the sumptuary and entertainment allowances of Ambassadors, Heads of Missions and Trade Commissioners, and if so, what they are?

Shri Sadath Ali Khan: All these changes that have been made vary from Mission to Mission.

Shri Bhagwat Jha Azad: May I know the sum total of the financial implications of the changes that have been suggested now?

Shri Sadath Ali Khan: It is too early to say that, because the inspectors are still continuing their work.

Shri Kamath: May I know whether this inspecting team have taken note of the various criticisms made by the Public Accounts Committee with regard to certain Embassies and Missions abroad, and if so, what action has been recommended to be taken by Government by this inspecting team?

Shri Sadath Ali Khan: I do not know, if I may say so, whether that question arises out of this particular question. The hon. Member is going from the particular to the general.

Shri Kamath: They have gone about inspecting Missions all over the world. Have they taken note of the Public Accounts Committee's comments?

Shri Sadath Ali Khan: Naturally......

Shri Kamath: Are they just going about their business without listening to the Public Accounts Committee's observations and criticisms?

Mr. Speaker: I feel, looking at the Parliamentary Secretary, that he is not able to say.

Shri Sadath Ali Khan: I am able to say. Naturally, they have taken note of that.

Mr. Speaker: If they go out, they must know what exactly has been said with respect to this matter by the important committees of Parliament, like the Estimates Committee and the Public Accounts Committee, and then they should try to get the information personally by their own inspection. If the Parliamentary Secretary is not able to say, let him say that he is not able to say. It is no good being indefinite in regard to this.

Shri Kamath : May I request the Parliamentary Secretary through you to say whether he is able to say or not able to say ?

Mr. Speaker : At present, he is not able to say.

Shri Kamath : Let him answer at least the question which was put by you.

Mr. Speaker : At present, he is not able to say.

Shri Kamath : Not able ? I am satisfied.

द्वितीय पंच वर्षीय योजना

*१५०. **श्री खू० चं० सोधिया :** क्या योजना मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि द्वितीय पंचवर्षीय योजना (सारांश) के पृष्ठ ५२ पर अतिरिक्त करों और लोक-उपक्रमों से होने वाले लाभों को ही ४०० करोड़ रुपये का घाटा पूरा करने के लिये अन्तिम साधन बताया गया है ; और

(ख) यदि हां, तो योजना आयोग ने किन किन वर्तमान लोक-उपक्रमों को इस काम के लिये चुना है और उन में से प्रत्येक से कितने लाभ की सम्भावना है ?

योजना उपमंत्री (श्री श्या० नं० मिश्र) : (क) माननीय सदस्य का ध्यान द्वितीय पंचवर्षीय योजना के अध्याय ४ के पैराग्राफ ३ (पृष्ठ ७८) की ओर दिलाया जाता है ।

(ख) बजट के प्रस्तावों के सिलसिले में प्रत्येक वर्ष इस पर विचार करना होगा कि किस तरह किन किन साधनों को काम में लाया जाय । इस लिये अभी इसके बारे में प्रश्न नहीं उठता कि हम उन सरकारी उद्योगों को नामकरण करें जिन से लाभ की सम्भावना है ।

श्री खू० चं० सोधिया : जब इसमें लिखा गया है तो उसके बारे में कुछ न कुछ सोच विचार तो किया ही होगा ?

श्री श्या० नं० मिश्र : जितना विचार किया गया है उसका समावेश तो दूसरी पंचवर्षीय योजना में है ।

Shri T. N. Singh : So far, the policy in regard to public enterprises of Government has been that they should be run on a no-profit-no-loss basis. May I know whether there has been a change in this policy, and the consumers pay a higher price, resulting in profits, and then taxes also can be levied ?

Shri S. N. Mishra : I do not think this assumption of the hon. Member is correct, because we want to run most of these enterprises on a strictly commercial basis. Moreover with the philosophy of the expanding public sector, it is quite necessary that these enterprises should earn profits.

Indus Basin Talks

*151. **Shri Shree Narayan Das :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether the discussions for preparation of a comprehensive plan for utilisation of the waters of the Indus System of rivers which was being carried on by the Indus Basin Working Party have been finalised and concluded ;

(b) if so, the nature of decisions made ;

(c) if not, how long more the discussions are to last ; and

(d) the stage at which the discussions have reached ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) and (b). The negotiations between the representatives of India and Pakistan are still continuing.

(c) and (d). On May 21, 1956, the World Bank handed to the representatives of India and Pakistan, an *Aide-Memoire* for the consideration of the two Governments. A reply to the Bank's *Aide-Memoire* was sent on the 18th June, 1956. It is proposed to extend the Co-operative work, through the good offices of the World Bank, up to the 31st March, 1957.

Shri Shree Narayan Das : May I know the important features of the *aide-memoire* submitted by the World Bank for the consideration of the two Governments ?

Shri Hathi : With regard to the contents of the *aide-memoire,* I would like to say that neither the World Bank nor Pakistan has yet published them, and under the convention, we are committed not to publish any such thing individually, unless all the parties concur.

Shri Shree Narayan Das : May I know whether the Government of

India are aware that the Government of Pakistan have sent a reply to that?

Shri Hathi : I do not think they have sent.

Shri Gidwani : Is it a fact that the scheme was prepared by the World Bank in consultation with the Pakistan Government? Is it also a fact that they have not accepted it, as has been reported?

Shri Hathi : The scheme was not actually prepared in consultation with the Pakistan Government. They had prepared first a comprehensive plan. Both the Governments tried first to have an agreed plan, but they could not do so. Then, even this comprehensive plan could not be on an agreed basis. Therefore, this *aide memoire* was prepared by the Bank itself on the basis of the various data collected.

Shri Gidwani : Is it a fact that India has accepted the scheme?

Shri Hathi : India has not actually agreed.

What we have said is that if any co-operative work is to proceed, it should proceed on the basis of the proposals which were given in 1954.

Shri Bhagwat Jha Azad : May I know whether there is unanimity on the broad aspects between the Governments of India and Pakistan on the scheme submitted by the World Bank?

Shri Hathi : Unless we know what reply the Government of Pakistan have given, it would not be possible for me to say, whether there is unanimity or not.

Shri B. S. Murthy : May I know whether the second scheme of the World Bank is in the form of an award?

Shri Hathi : This is only using the good offices of the World Bank. It depends upon the countries whether they agree or not. But naturally, if an institution like the World Bank gives a particular decision, both the countries would try to agree to that.

Shri Bhagwat Jha Azad : How far will it be correct to say that this proposal to extend the co-operative work till March 1957 is the result of outright rejection of the recommendation of the World Bank by Pakistan?

Shri Hathi : As I said, the *aide memoire* was handed over by the World Bank to the two Governments on May 21, 1956. So there is not that question at all.

Shri Shree Narayan Das : May I know what is the material difference between the solution that was recommended by the World Bank earlier and the *aide memoire* that has been given now?

Shri Hathi : The result is in effect the same, but actually the measures to be taken are different.

Allotment of Agricultural Land to Displaced Persons

*152. **Shri Ram Krishna** : Will the Minister of **Rehabilitation** be pleased to refer to the reply given to Un-starred Question No. 1150 on the 18th April, 1956 regarding allotment of agricultural land to Displaced Persons and state the number of displaced persons from Bahawalpur State who have not taken possession of agricultural lands allotted to them as part of compensation in Punjab, PEPSU and Rajasthan separately?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle) : Punjab—61 families; PEPSU—195 families; Rajasthan—40 families.

श्री राम कृष्ण : क्या मैं जान सकता हूं कि उन को अभी तक कब्जा क्यों नहीं मिला ?

श्री जे० के० भोंसले : कब्जा दिया तो गया है, लेकिन मेरे ख्याल से बहुत सी ऐसी फैमिलीज हैं जो कि जमीन टिल नहीं कर सकती हैं, या शायद वह जमीन कम थी, इस लिये उन्होंने जमीन पर कब्जा नहीं लिया है ।

Shri Gidwani : Is it a fact that though allotment has been made in their names, physical possession, in some cases, has not been given in Rajasthan?

Shri J. K. Bhonsle : Physical possession can only be given if they come forward to accept the lands.

Shri Gidwani : What are the reasons for their not taking possession?

Shri J. K. Bhonsle : I am not in a position to know the reasons why they have not come forward to accept the lands. But if they do come forth, the lands are there.

Shri Gidwani : Will Government make an inquiry into the causes for their not coming forward to take possession?

Shri J. K. Bhonsle : There is no need to make an inquiry. As I have said very clearly, if they come forward to accept the land, possession would be given to them.

Mr. Speaker : The hon. Member evidently wants to know whether on applications for land, land is allotted or independently of their application, land is allotted.

Shri J. K. Bhonsle : On their application.

Mr. Speaker : If so, why don't they come forward to take possession of the land?

Shri J. K. Bhonsle : As I have said at the beginning, they were landlords in Pakistan. They were not tilling the land themselves, and in various such cases perhaps if the land is far too little, they may not come forward to till it themselves. There are various reasons for that. But if by any chance anybody is left out, we are certainly willing to look into it.

Hindustan Machine Tool Factory, Jalahalli

*153. **Shri M. S. Gurupadaswamy** : Will the Minister of **Production** be pleased to state :

(a) how do the production figures achieved by the Hindustan Machine Tool Factory, Jalahalli compare with the targets;

(b) whether any proposal to draw up a master Plan for the expansion of the Machine Tool Factory is under the consideration of Government; and

(c) if so, the stage at which the proposal is?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey) : (a) The programme of 1956-57 aims at producing 57 lathes of their equivalents in diversified machine tools. Up till now 10 lathes have been produced and full components for another 20 already manufactured and are being assembled.

(b) No, Sir. I would like to add, however, that a Committee has been constituted to go into the various aspects of the machine tool industry in the country.

(c) Does not arise.

Shri M.S. Gurupadaswamy : May I know whether the Hindustan Machine Tool Factory has been able to satisfy all the demand in the country?

Shri R. G. Dubey: I do not think it is in a position to satisfy all the demand at this stage.

Shri M. S. Gurupadaswamy: If the Hindusthan Machine Tool Factory is not able to satisfy all the demand would Government consider expanding the factory in the near future or setting up a other factory for the purpose?

Shri R. G. Dubey As I have said in my reply, a Committee has been constituted by the Ministry of Commerce and Industry to go into the whole question, namely, the present capacity of production in the private sector as well as in the public sector. After all these aspects are gone into carefully, we may arrive at some conclusion.

Shri C. R. Narasimhan . When was this Committee appointed? Is it taking too long a time to submit its report?

Shri R. G. Dubey : The Committee was appointed at the beginning of this year.

Shri Thimmaiah : Is it a fact that not being satisfied with the production in the factory, Government are sending the hon. Deputy Minister and some of his officers to Switzerland to get the terms of the agreement modified? If so, in what way is the work unsatisfactory?

Shri R. G. Dubey : No, Sir; these impressions are not well founded. However, the Deputy Minister has led the delegation because the whole Schedule of programme has to be carefully gone through, once again.

Shri M. D. Ramasami : May I know whether it was found that certain types of machines manufactured in this factory were replicas of certain machines manufactured by private companies? If so, what action has been taken to avoid such repetitions?

Shri R. . Dubey : That is not so. Actually the design that is being manufactured in this factory is of the latest variety. We are satisfied on that score.

Shri K. K. Basu : In view of the behaviour of the Swiss experts in this factory, is the hon. Deputy Minister, who is reported to have gone to Switzerland, going to negotiate with the same experts for further expansion, or is he going to negotiate with other experts?

Shri R. G. Dubey : That I could not say. But possibly those experts are not in the picture now.

International Standards Organisation Technical Committee

*156. **Shri S. C. Samanta** : Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 575 on the 8th March, 1956 and state:

(a) whether the Indian delegation to the International Standards Organisation Technical Committee has since submitted its report;

(b) if so, the points of the report which have been accepted by Government; and

(c) the total expenditure incurred on the delegation?

The Minister of Consumer Industries (Shri Kanungo) : (a) and (b). Yes, Sir. The report of the Delegation is now under scrutiny in the Indian Standards Institution prior to its submission to the Government.

(c) About Rs. 6,000/- by Government.

Shri S. C. Samanta : May I know what were the proposals of the Indian Delegation to the Committee?

Shri Kanungo : The conference broke up into several committees. The two delegates attended several committees and they made certain suggestions, some of which were accepted. The report itself is under consideration by the Indian Standards Institution. The points which they must have discussed are of so abstruse and technical a nature that they won't be useful to any of us.

Shri S. C. Samanta : Have we a technical committee here to deal with the subject?

Shri Kanungo : Yes. The Indian Standards Institution has got a special committee for it.

वायदे के सौदे (विनियमन) अधिनियम

*१५७. **श्री खू० चं० सोधिया** : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५५–५६ में अवैध रूप से व्यापार करने के अपराध में वायदे के सौदे (विनियमन) अधिनियम, १९५२ के अधीन कितने व्यक्तियों के खिलाफ कार्यवाही की गई ;

(ख) उन बाजारों के नाम क्या हैं जहां, सरकार को प्राप्त सूचना के अनुसार, निर्बन्धित वायदे के सौदे विशिष्ट डिलीवरी के सौदों के नाम में किये जाते थे; और

(ग) उनको रोकने के लिये क्या कार्यवाही की गई है ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री कृष्णमाचारी) : (क) इसकी ठीक ठीक जानकारी तो उपलब्ध नहीं है किन्तु १०० से अधिक व्यक्तियों के खिलाफ़ कार्रवाई आरम्भ की गई है ।

(ख) इस सम्बन्ध में वायदा बाजार आयोग को जो सूचना प्राप्त हुई है, उन की जांच पड़ताल सम्बद्ध राज्य सरकारों के द्वारा करायी जा रही है । जिन बाजारों के सम्बन्ध में आरोपों की जांच की जा रही है, उनके नाम प्रकट करना सार्वजनिक हित में नहीं होगा ।

(ग) अपरिवर्तनीय विशिष्ट डिलीवरी के सौदों को सट्टे के लिये प्रयोग करने के विरुद्ध वायदा बाजार आयोग ने एक चेतावनी प्रसारित की है । अवैध रूप से होने वाले वायदा व्यापार को पकड़ने तथा दोषी व्यक्तियों के विरुद्ध कार्रवाई करने में राज्य सरकारों की सहायता देने के लिये अपना एक निरीक्षणालय स्थापित करने का आयोग का प्रस्ताव है । विभिन्न वस्तुओं के लिये मान्य बाजारों की संख्या में उपयुक्त वृद्धि की जा रही है जिससे वायदा व्यापार के लिये समुचित सुविधायें मिल सकें और अवैध हरकतों पर उतरने की प्रवृत्ति को हतोत्साहित किया जा सके ।

श्री खू० चं० सोधिया : बाजारों के वास्ते मंत्री महोदय ने कहा कि उन का नाम बतलाना ठीक नहीं है, तो पब्लिक के आदमी कैसे जानेंगे कि वहां किस किस्म का काम होता है ?

Shri T. T. Krishnamachari : I qualified it by saying that it is not in the public interest to disclose the names of parties whose cases are under investigation.

Shri K. C. Sodhia : I want to know the names of the towns or places where such things are happening.

Shri T. T. Krishnamachari : Illegal futures trading has been reported in a number of places : in Amritsar, Hissar and Rohtak in the Punjab, Jind and Bhatinda in PEPSU, Akola, Amraoti and Nagpur in Madhya Pradesh, and in *til* oil in Jodhpur.

Shri K. C. Sodhia : Are these Inspectorates appointed by the Forward Markets Commission going to visit the whole country?

Shri T. T. Krishnamachari : My hon. friend should certainly know that the Inspectorate that has been appointed cannot visit the whole country. They can visit only places where there is a possibility of forward trade and there are possibilities of what you call non-transferable specific delivery contracts.

Mr. Speaker : I will take up the unanswered questions now.

Shri S. V. Ramaswamy : In view of the importance of question No. 133, may I request that it be answered?

Mr. Speaker : The hon. Member wants to put this without authorisation Let me first see whether there are others who have got authorisations, or those who were absent when their names were called but are now present.

Shri H. N. Mukerjee : I have got authorisation to put question No. 135.

Pandit D. N. Tiwary : I have got authorisation for 139.

Mr. Speaker : Let me take up firs question No. 135.

Motor Spirit

*135. **Shri Sadhan Gupta** : Will the Minister of **Works, Housing and Supply** be pleased to state :

(*a*) the price fixed for motor spirit refined by the Standard Vacuum and Burmah Shell refineries; and

(*b*) the price fixed for motor spirit to be refined by the 'Caltex' and the Assam Oil Company?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P.S. Naskar) : (*a*) The current selling price of Motor Spirit at Bombay is Rs. 2/10/- per gallon.

(*b*) No prices have been fixed so far for future production. The price for the present production of Assam Oil Company is fixed on the same basis as for other Refineries.

Shri H. N. Mukerjee : Some time ago we were informed in this House that in the case of the Assam Oil Company fantastically high profits to the extent of even 200 per cent. used to be charged. May we know whether Government has made sure that there is no such margin—at least no comparable margin—left to the manufacturers?

The Minister of Works, Housing and Suply (Sardar Swaran Singh) : I think this presumption that the profits were as high as 200 per cent. was not borne out by facts. There was some mistake in the calculation. When block capitals were taken into consideration it yielded a figure which is not as high as that.

Shri M. S. Gurupadaswamy : What is the margin of profit allowed now?

Sardar Swaran Singh : For that I would require notice.

Shri N. B. Chowdhury : In view of the large profits and many facilities enjoyed by the refineries at Trombay, have Government considered it necessary to place sufficient restrictions on the amount of profits?

Sardar Swaran Singh : There is no such intention to place any restrictions on pofits. But the question of price fixation requires the approval of Government and all these factors could be taken into consideration at the time of fixing the price.

Shri K. P. Tripathi: The hon. Minister said that price fixation requires the consent of Government. May I know if it is true that in the agreements with the Burmah Shell and other companies with whom Government has entered into a contract the price fixation shall be according to their dictation or with their consultation?

Sardar Swaran Singh : The refinery agreements have already been placed on the Table of the Lok Sabha and the interpretation that can be put upon the various clauses of that agreement is known to the hon. Members as much as to me. But wherever there are contractual obligations under these agreements, those contractual obligations are there. There is nothing further that I can add.

Shrimati Renu Chakravartty : In view of the fact that the returns for the Standard Vacuum Oil Company have been fairely high and it has been reported in some quarters that the entire question of profits of Burmah Shell is also being enquired into by Government, is there any truth in the report that Government is going to reassess the prices to be fixed for motor spirit and, if so, when?

Sardar Swaran Singh : There is no finality in these things and the situation is always reviewed from time to time. Whenever it is found that the position does require intervention by Government, Government will not hesitate to intervene.

Shrimati Renu Chakravartty : My question was whether the Government is doing it at the present moment.

Sardar Swaran Singh : Continuous process means 'that it has been done in the past, it is being done in the present and it is proposed to be done in the future also.

Shrimati Tarkeshwari Sinha : In view of the fact that the Second Five

Year Plan is very much dependent upon transport and road transport is going to be one of the main factors and in view of the fact that the high cost of motor transport is attributed to the high prices of petrol and motor spirit what is the policy of Government and what policy do they propose to follow in future in this regard ?

Sardar Swaran Singh : In view of the importance, which the hon. lady Member has stressed of a product like this, it is the policy of Government to ensure that supplies are available in all parts of the country and that prices are paid which are not excessive.

Shrimati Tarkeshwari Sinha : They are excessive.

Shri Debendra Nath Sarma : The hon. Minister said just now that the price of motor spirit refined by the Standard Vacuum and the Burmah Shell refineries is Rs. 2/10/-and the price of the spirit refined by the Assam Oil Company is also the same Rs. 2/10/- . Why is this equalisation?

Sardar Swaran Singh : In such cases where there is indigenous production and there are imports the equalisation formula is well-known not only with regard to petrol but in regard to other commodities also. In this particular case the price structure is based upon a number of factors including the Gulf of Mexico prices, transportation charges from the nearest available source of supply and so on.

Shri Debendra Nath Sarma : The crude oil and motor spirit refined by the Standard Vacuum and the Burmah Shell refineries are brought from different countries whereas those of the Assam Oil Company are dug up from the soil of India. Why should it have relation to the Gulf of Mexico price?

Sardar Swaran Singh : The hon. Member should remember that so far as Assam Oil Company's production is concerned, it is roughly about 5 per cent. of the country's total requirement and that cannot be a basis for the entire price structure that obtains in the country.

पूर्वी पाकिस्तान के विस्थापित व्यक्ति

*१३९. **श्री विभूति मिश्र** : क्या पुनर्वास मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि पूर्वी पाकिस्तान से आने वाले शरणार्थियों को बिहार के विभिन्न जिलों में बसाया जा रहा है ;

(ख) यदि हां, तो उन जिलों के नाम क्या हैं और प्रत्येक जिले में कितने शरणार्थी बसाये जा रहे हैं ;

(ग) जिन जमीनों पर सरकार शरणार्थियों को बसा रही है, उनकी कीमत वह किस दर से देती है ;

(घ) क्या यह सच है कि जिन बड़े बड़े फार्मों को सरकार ले रही है, उन फार्मों पर काम करने वाले मजदूरों के लिये वह कुछ व्यवस्था कर रही है ; और

(ङ) यदि हां, तो वह व्यवस्था क्या है ?

पुनर्वास उपमंत्री (जा० कृ० भोंसले) : (क) जी हां ।

(ख) चम्पारन—८३९ परिवार
पूर्निया—१९७ परिवार ।

इन दो जिलों में और दरभंगा, मुजफ्फरपुर, आरा, भागलपुर, सारन और सहरसा जिलों में और अधिक परिवारों को बसाने की योजनायें बिहार सरकार द्वारा बनाई जा रही हैं ।

(ग) एक एकड़ की कीमत १५० रुपये से ६०० रुपये तक है ।

(घ) तथा (ङ). ऐसे मजदूर नजदीकी गांवों में कभी कभी काम कर के रोजी कमाने वाले हैं और आसानी से दूसरी जगह रोजगार पा सकते हैं ।

Pandit D. N. Tiwary : May I know how many families have come to settle in Motihari-Champaran?

Shri J. K. Bhonsle : There is no camp in Motihari. In Champaran I said 653 agriculturists, 130 fishermen and 56 artisans.

Shri H. N. Mukerjee: May I know what has happened, if anything, to the scheme of rehabilitating about 800 refugee families somewhere near Madluskiganj under the organisation of the Colonisation Society of India, a matter which has been hangin fire for several years and about which, last session, I placed a document on the Table of the House.

Shri J. K. Bhonsle : Are these families to be settled in Bihar? In that case, I am afraid there is no such name on the list before me where these families are to be settled. I may read the names; they are, Purnea, Champaran, Muzaffarpur, Darbhanga, Saran, Sarsia, Bhagalpur and Arrah. The one mentioned by my hon. friend does not find a place here. I shall make enquiries.

WRITTEN ANSWERS TO QUESTIONS

Heavy Electrical Equipment

***133. Shri D. C. Sharma** : Will the Minister of **Production** be pleased to state the progress made with regard to the project for the manufacture of heavy electrical equipment in India?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey) : Progress has been made in the preparatory work for the establishment of the factory in respect of land acquisition, peliminary civil works, recruitment of personnel, water and power supply etc., A delegation has gone to the U.K., and selected items and designs for manufacture; and the training report has also been received from the consultants. The detailed project report is due in November 1956.

Manufacture of Raw Films

***144. Shri Nambiar** : Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 2043 on the 9th May, 1955 and state :

(a) whether the East German Experts have submitted their preliminary report on the setting up of a unit for the manufacture of raw films in the country; and

(b) if so, broad features of the report?

The Minister of Heavy Industries (Shri M. M. Shah) : (a) Yes, Sir.

(b) It is only a preliminary report and the details are awaited.

Lancashire Cloth

***145. Sardar Iqbal Singh** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the import of Lancashire cloth in India during 1955-56 has risen considerably as compared with the year 1954-55; and

(a) if so, what are the reasons?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) The import of cloth in India from U.K. during 1955-56 was 6·9 million yards. In 1954-55 it was 2·6 million yards.

(b) It is difficult to assign precise reasons for the increase. In part it might be due to the reduction in import duty made last year and in part the increase in internal demand for new varieties of cloth.

Inter-State River Water Disputes

***146. Shri Jethalal Joshi** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether there have been any Inter-State River Water Disputes in the year 1955-56; and

(b) if so, how they have been settled?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) No. Sir.

(b) Does not arise.

Flood Control Works

***148. Shri Rishang Keishing** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) the flood control works which have been undertaken by the Government of India jointly with the State Government of Assam or singly in the year 1955-56 along the Brahamaputra River in order to prevent recurrence of flood in different parts of Assam;

(b) the places where the flood control works have been undertaken;

(c) the amount expended by the Government of India for the flood control works; and

(d) how far the recurrence and devastation on account of flood in the Brahamaputra have been checked?

The Deputy Minister of Irrigation and Power (Shri Hathi) : *(a)* to (d). A statement giving the requisite information is laid on the Table of the House. [*See* Appendix I, annexure No. 47.]

Mahi Project

***149. Shri Bheekha Bhai** : Will the Minister of **Planning** be pleased to state :

(a) whether it is a fact that the Mahi Project has been sent by the State Government for being included in the first year of the Second Five Year Plan; and

(b) if the answer to part (a) above be in the affirmative, when the work will begin?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir.

(b) Preliminary works have been authorized to be started in May, 1956.

Central Water and Power Commission Surveys

***154.** **Sardar Iqbal Singh:**
Sardar Akarpuri:

Will the Minister of **Irrigation and Power** be pleased to state:

(a) the areas in Punjab, PEPSU and Himachal Pradesh in respect of which surveys and investigations have been carried on uptil now by the Flood Wing of Central Water and Power Commission; and

(b) the areas in resepct of which aerial photography and tertiary levelling have been completed?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) No surveys and investigations have been carried out in these States by the Central Water and Power Commission. Surveys are being done by the Survey of India and investigations by the State Governments themselves.

(b) A statement is laid on the Table of the House. [*See* Appendix No. I, Annexure No. 48.]

National Discipline Scheme

***155. Shri D. C. Shrma:** Will the Minister of **Rehabilitation** be pleased to state:

(a) the amount of money spent on the National Discipline Scheme during 1955-56;

(b) the main items on which the money has been spent; and

(c) the estimated expenditure for 1956-57?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Rs. 4,32,000/- (Rupees Four lakhs and thirty two thousand).

(b) Pay, allowances of the Instructors, equipment, and uniforms for boys and girls.

(c) Rs. 5,00,000/- (Rupees **Five Lakhs** only).

Indians in Burma

***158.** **Sardar Iqbal Singh:**
Sadar Akarpuri:

Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 231 on the 24th February, 1956 regarding facilities for remittances to India by Indians domiciled in Burma and state what has been the result of the efforts of our Embassy in Burma in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): The Embassy is continuing its efforts and bringing individual cases to the notice of the Foreign Exchange Control authorities for necessary action. It is not possible to assess exact results.

Regional Planning

84. Shri Ram Krishna: Will the Minister of **Planning** be pleased to state the steps to be taken to develop town and regional planning during the Second Five Year Plan?

The Deputy Minister of Planning (Shri S. N. Mishra): The matter is under consideration.

C.P.W.D., Bombay Circle

85. Shri Eswara Reddi: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the names of Divisions under the Bombay Central Circle C.P.W.D.;

(b) the headquarters of Sub-Divisional Offices under each Division; and

(c) the workplaces under each Sub-Division and the toatal number of work-charged staff at each work-place according to each category of post?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) and (b). A statement furnishing the required information is placed on the Table of the Lok Sabha. [*See* Appendix I, annexure No. 49.]

(c) It is not possible to furnish the information as the number of workplaces and number of workcharged staff at each workplace according to each category of post are liable to fluctuation and the places of work are also liable to frequent change.

C.P.W.D., Madras Circle

86. Shri Eswara Reddi: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the names of Divisions under the Madras Central Cirlce C.P.W.D.;

(b) the headquarters of Sub-Divisional Offices under each Division; and

(c) the workplaces under each Sub-Division and the total number of work-charged staff at each workplace according to each category of post?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) and (b). A statement furnishing the required information is placed on the Table of the Lok Sabha. [*See* Appendix I, annexure No. 50.]

(c) It is not possible to furnish the information as the number of work-places and the number of work-charged staff at each work-place according to each category of post are liable to fluctuation and the places of work are also liable to frequent change.

C.P.W.D., Southern Circle

87. Shri Eswara Reddi: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the names of Divisions under the Southern Electrical Circle Central P. W. D.;

(b) the headquarters of Sub-Divisional Offices under each Division; and

(c) the workplaces under each Sub-Division and the total number of workcharged staff at each workplace according to each category of post?

The Parliamentary Secretary to the Minister of Works, Housing and Supply (Shri P. S. Naskar): (a) and (b). A statement furnishing the required information is placed on the Table of the Lok Sabha. [*See* Appendix I, annexure, No. 51.]

(c) It is not possible to furnish the information as the number of work-places and the number of work-charged staff at each workplace according to each category of post are liable to fluctuation and the places of work are also liable to frequent change.

केन्द्रीय लोक-निर्माण विभाग

८८. श्री वाल्मीकी: क्या निर्माण, आवास और संभरण मंत्री यह बताने की कृपा करेंगे कि :

(क) केन्द्रीय लोक-निर्माण विभाग में इस समय काम करने वाले मेहतरों की संख्या कितनी है ;

(ख) उनमें से कितने स्थायी और कितने अर्द्धस्थायी हैं ;

(ग) उनमें से कितनों का नाम मस्टर-रोल में है और कितने रोजाना-मजूरी पर काम करते हैं ;

(घ) क्या यह सच है कि ४ से लेकर १४ वर्ष तक नौकरी कर चुकने वाले लोगों को स्थायी नहीं बनाया गया है ; और

(ङ) यदि हां तो, इस सम्बन्ध में क्या कार्यवाही की जा रही है ?

निर्माण, आवास और संभरण मंत्री के सभा सचिव (श्री पू० शे० नास्कर) : (क) ७५० ।

(ख) स्थायी और अर्द्धस्थायी २३७ ।

(ग) ६७ ।

(घ) जी हां, स्थायी जगहों की कमी की वजह से ।

(ङ) स्थायी जगहें बढ़ाने के लिये कार्यवाही की जा रही है ।

Visitors from Pakistan to India and *vice versa*

89. **Shri D. C. Sharma:**
Sardar Iqbal Sing:
Sardar Akarpuri:

Will the **Prime Minister** be pleased to state:

(a) the number of Pakistanis who visited India during the period from 1st February to 30th June, 1956, month-wise through the Wagah-Atari land route; and

(b) the number of Indians who visited West Pakistan during the same period through this route?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) The number of Pakistanis who visited India by this route is as follows:

February	1956	18651
March	1956	21426
April	1956	23157
May	1956	27414
June	1956	25944
TOTAL		116592

(b) The number of Indian nationals who visited Pakistan by the same route is as follows:

February	1956	7202
March	1956	7636
April	1956	6798
May	1956	8378
June	1956	10085
TOTAL		40099

भारत-यूगोस्लाविया के बीच व्यापार

९०. पंडित द्वा० ना० तिवारी : क्या वाणिज्य और उद्योग मंत्री यह बनाने की कृपा करेंगे कि :

(क) क्या भारत और यूगोस्लाविया के बीच हुये व्यापार करार के फलस्वरूप

भारत और यूगोस्लाविया के बीच व्यापार में वृद्धि हुई है ; और

(ख) जून, १९५६ तक यूगोस्लाविया से भारत में आयात किये गये और भारत से यूगोस्लाविया को निर्यात किये गये माल का परिमाण और मूल्य कितना है ?

वाणिज्य और उद्योग तथा लोहा और इस्पात मंत्री (श्री कृष्णमाचारी) : (क) व्यापारिक आंकड़े फिलहाल एक ही मास के अर्थात् अप्रैल, १९५६ के अन्त तक के उपलब्ध हैं। चूंकि भारत और यूगोस्लाविया के बीच हुआ व्यापार करार पहली अप्रैल १९५६ से लागू हुआ था, इसलिये अभी एक निश्चित मत व्यक्त करना बहुत शीघ्रता होगी।

(ख) अप्रैल, १९५६ में यूगोस्लाविया से भारत में किये गये आयात और भारत से यूगोस्लाविया को किये गये निर्यात के दो विवरण साथ में संलग्न हैं।

[देखिये परिशिष्ट १, अनुबन्ध सं० ५२]

Newsreels

91. **Shri Madiah Gowda:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) the number of newsreels generally produced in a month;

(b) the number of batches of newsreel producers and their headquarters;

(c) whether these batches are capable of covering the entire country; and

(d) if not, the number of additional batches required?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Films Division produces and releases one newsreel each week. In addition a special overseas edition is compiled once a month for non-commercial exhibition through our missions abroad.

Besides, quarterly newsreel magazines containging items of special interest to rural audiences are also compiled and exhibited in rural areas through mobile vans.

(b) and (d).

Existing

Bombay	2 Cameramen
Delhi	2 Cameramen
Calcutta	1 Cameraman
Madras	1 Cameraman
Lucknow	1 Cameraman
Hyderabad	1 Cameraman
Nagpur	1 Cameraman
Srinagar	1 Cameraman

To be added shortly

Calcutta	1 Cameraman
Ajmer	1 Cameraman
Madras	1 Junior Cameraman
Delhi	1 Junior Cameraman

(c) Definite regions are allotted to each batch of Cameramen and the entire country is thus covered by them. Posting of additional Cameramen is considered whenever the nesessity for more intensive coverage is felt.

Calcutta Refugee Camps

92. **Shri Krishnacharya Joshi:** Will the Minister of **Rehabilitation** be pleased to state the total number of displaced persons who are staying in the camps at Calcutta and who are to be rehabilitated?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): There is no Relief camp at Calcutta but the number of diplaced persons in the Relief Camps in West Bengal on the 31st of May, 1956 was 2,34,745.

Developments Projects in PEPSU

93. **Shri Ram Krishna:** Will the Minister of **Planning** be pleased to refer to the reply given to Unstarred Question No. 49 on the 21st February, 1956 and state:

(a) whether the information regarding development projects in PEPSU has been collected; and

(b) if so, whether he will lay a copy of the same on the Table of the Sabha?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). A statement indicating amount of assistance (loans & grants) Scheme-wise realised during 1955-56 (upto December 1955) and the amount expected to be realised by the PEPSU Government upto 31st March, 1956 is placed on the Table of the House. [*See* Appendix I, annexure No. 53.]

Indian Immigrants to Latin American Countries

94. { **Sardar Iqbal Singh:**
Sardar Akarpuri:

Will the **Prime Minister** be pleased to state:

(a) the annual quota of Indians allowed every year to go to Latin American Countries as immigrants; and

(b) the total number of Indian emigrants to these countries during 1955?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) No quota has been fixed for Indian immigrants to Latin American Countries.

(b) Applications for migration are received and dealt with by the Embassies of the Countries concerned. Neither the Government of India nor the Indian Missions in these countries have any record of the applications or of the number of persons actually admitted as immigrants.

Imported Steel

95. { **Sardar Iqbal Singh** :
Sardar Akarpuri :

Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether there were any differences in the rates of steel imported from the U. S. A., the U. S. S. R. and the U. K. during 1956;

(b) the amount of difference; and

(c) the reasons therefor ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Yes, Sir. There is some difference.

(b) A statement is laid on the Table of the House. [*See* Appendix I, annexure No. 54.]

(c) The varying prices prevailing in the countries concerned and difference in ocean freight rates.

Rehabilitation Colonies

96. { **Sardar Iqbal Singh** :
Sardar Akarpuri :

Will the Minister of **Rehabilitation** be pleased to state :

(a) whether Governments of Punjab and PEPSU States have forwarded to the Government of India proposals for the setting up of small-scale and cottage industries in Rehabilitation Colonies to relieve unemployment ;

(b) if so, what are the main features of the proposals; and

(c) the action taken by the Central Government on them?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Yes.

(b) The Punjab Government have submitted a Scheme for setting up 17 new industries at various places in the State which will involve an expenditure of Rs. 7.89 lakhs and provide employment to about 1000 displaced persons. The industries proposed are bamboo-wares, wooden toys, hosiery goods, soaps and disinfectants, furniture making, shoes and leather goods electrical appliances, sports goods, cutlery goods, etc.

The PEPSU Government have proposed the setting up of a Production Centre at Tripuri (near Patiala) for mat weaving, wood-carving and inlay work and hand-made paper industries. Its cost would be Rs. 4·93 lakhs and it would provide employment to about 150 displaced persons.

(c) Both these schemes are under consideration.

Indian Missions

97. { **Sardar Iqbal Singh** :
Sardar Akarpuri :

Will the **Prime Minister** be pleased to state :

(a) the number of Indian Missions upgraded in 1956; and

(b) the names of countries where they have been upgraded?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) One.

(b) Laos (from Consulate-General to Legation).

Flood Control Measures in Punjab and PEPSU

98. { **Sardar Iqbal Singh** :
Sardar Akarpuri :

Will the Minister of **Irrigation and Power** be pleased to state the amount allotted to Punjab and PEPSU by Central Government for flood control measures so far under the Second Five-Year Plan?

The Deputy Minister of Irrigation and Power (Shri Hathi) : The tentative allocation for Punjab is Rs. 3·5 crores and that for PEPSU Rs. 0·4 crore. Final allocations for the various States will be decided after full details, which have been asked for from the States, have been received and scrutinized.

Trade Delegations

99. { **Sardar Iqbal Singh** :
Sardar Akarpuri :

Will the Minister of **Commerce and Industry** be pleased to state :

(a) the total number of Trade Delegations sent to foreign countries during 1956 so far;

(b) the names of the countries visited by these delegations; and

(c) the action taken on the reports of the delegations?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Four.

(b) and (c). These delegations visited Sweden, Finland, Denmark, British East

Africa, Egypt, Sudan, Gold Coast, Nigeria, Zanzibar Protectorate, Aden and Burma. Reports of two delegations have not yet been received. Recommendations made in the reports of the other two delegations are being implemented. A statement showing the recommendations made and the action taken will be placed on the Table of the House shortly.

बाढ़ नियंत्रण योजनायें

१००. **श्री भागवत झा आज़ाद** : क्या **सिंचाई और विद्युत** मंत्री यह बताने की कृपा करेंगे कि :

(क) चालू वित्तीय वर्ष में बाढ़ नियंत्रण बोर्ड द्वारा बाढ़ नियंत्रण की कितनी योजनायें मंजूर की गयी हैं ;

(ख) इन योजनाओं में शामिल किये गये निर्माण कार्यों का ब्यौरा क्या है ; और

(ग) उन पर कितनी राशि व्यय करने का विचार है ?

सिंचाई और विद्युत उपमंत्री (श्री हाथी) : (क) से (ग). केन्द्रीय बाढ़ नियंत्रण बोर्ड द्वारा २१ जून, १९५६ की बैठक में, जो नई दिल्ली में हुई थी, मंजूर की गई बाढ़ नियंत्रण योजनाओं के बारे में अपेक्षित जानकारी का विवरण संलग्न है । [**देखिये** परिशिष्ट १, अनुबन्ध सं० ५५]

Sea Erosion

101. **Shri C. R. Iyyunni** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) which are the places affected by the encroachment of the Arabian Sea in Travancore-Cochin and Malabar District in Madras State;

(b) what is the amount of damage caused;

(c) how many houses and areas are affected; and

(d) the steps taken by Government to remedy the same and to protect the shores from further encroachment.

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) to (d). In regard to the areas in the Travancore-Cochin State, the information received from the State Government is given below :

(a) : 1. Travancore District : Poovar.

2. Quilon District : Pallithottam, Thrikkunnapuzha and Pallithodu.

3. Trichur District : Chellanam, Kumbalanji, Ramwswaram, Pallipuram, Edavanakad, Narakkal and Elankunnapuzha.

(b) and (c) :

1. Trivandrum District : 18 huts have been lost (The value has not been estimated). No loss of life.

2. Quilon District; In Pallithottam four small houses and one acre of land were affected. In Pallithodu, one house worth about Rs. 1,000/- was washed away. About four miles of the beach from South of Mangalam to North of Thrikkunnapuzha temple, were seriously affected causing a loss of about 1,000 cocoanut trees. No loss of life.

3. Trichur District : 24 houses completely lost and 60 cents of Poramboke land on the coast (about one mile long) were affected. No loss of life.

(d): 1. Trivandrum District : At Poovar. the Neyyar river was bunded up at the Delta mouth and a wide opening was cut across the sandy bar about three furlongs upstream to dispose of the river water. The construction of a ring bund has also been arranged for the protection of the area.

2. Quilon District : No remedial measures have been taken. The construction of permanent protective workers in some of the seriously affected areas of the coast line is proposed to be taken up this year. Construction of a permanent bund in Anthakara Azhi at Pallithodu is also under consideration.

3. Trichur District: Temporary protection was given by dumping stones. A sea wall of one mile is under construction in Chellanam.

This work is nearing completion. Protective groynes are proposed to be put up for 5 1/2 miles of the coast line this year.

(2) In regard to areas in the Madras State, information is awaited from the State Government. It will be laid on the Table of the House as soon as possible.

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Friday, 20th July, 1956.

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

12 NOON.

PAPERS LAID ON THE TABLE

CONTRACTS FOR SUPPLY OF EQUIPMENT AND STRUCTURAL STEELWORK FOR BHILAI IRON AND STEEL WORKS

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): I beg to lay on the Table a copy of each of the following papers in pursuance of an assurance given on the 12th April, 1956, during the discussion on the Demands for Grants relating to the Ministry of Iron and Steel:—

(1) Contract for the supply of equipment for the Bhilai Iron and Steel Works (Volumes I and II).

(2) Contract for the supply of structural steelwork for the Bhilai Iron and Steel Works.

[*Placed .in Library. .See .Nos.* S-248/56 and S-249/56]

AMENDMENT TO TEA RULES

Shri T. T. Krishnamachari: On behalf of Shri Karmarkar, I beg to lay on the Table, under sub-section (3) of section 49 of the Tea Act, 1953, a copy of the Notification No. S.R.O. 1477 dated the 30th June, 1956, making certain further amendment to the Tea Rules, 1954.

[*Placed in Library. See* No. S-250/56]

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

TEXTILE POLICY OF GOVERNMENT AND FUTURE OF HANDLOOM INDUSTRY

Shri S. V. Ramaswamy (Salem): Under rule 216, I beg to call the attention of the Minister of Consumer Industries to the following matter of urgent public importance and I request that he may make a statement thereon:

> Textile Policy of the Government and the future of the Handloom Industry.

The Minister of Consumer Industries (Shri Kanungo): As the statement is a fairly long one, with your permission may I lay it on the Table?

Mr. Speaker: Yes.

Shri Kanungo: I beg to lay the statement on the Table.

Statement

The Cotton Textile Policy of the Government of India as recently framed is as follows:—

The per capita consumption under the Second Five Year Plan has been tentatively assumed at 18.5 yards. Provision has been made to maintain the

[Shri Kanungo]

level of exports at about 1,000 million yards per year. The total requirement on this basis will be 8,400 million yards. The present total output from the three sectors is about 6,700 million yards, thus leaving a gap of 1,700 million yards to be filled.

Of the required additional quantity 350 million yards have been earmarked for the mill industry to be produced through the installation of additional automatic looms and it is intended that this additional yardage of cloth of good quality should go into the export trade.

Exports of mill made cloth in 1955 were only 692·7 million yards as against 809.8 million yards in 1954. In order to achieve the export target it is necessary to allow expansion in the mill sector and ensure the quality of such production. It is proposed to check any large inflow of such cloth mainly intended for exports from going into the internal consumption by the levy of a penal excise duty at appropriate rates.

The handloom industry has been allotted 1,000 million yards; 700 million yards from mill yarn and 300 million yards from Ambar Charkha yarn.

A further 200 million yards have been allotted for production from powerlooms to be introduced in the handloom sector.

The total allocations will, therefore, for the present, be 1,550 million yards. The balance of 150 million yards is left-over and its allocation will be decided later.

The allocation have been made only after a full consideration of the employment aspect. The introduction of powerlooms to produce 200 million yards is to be as far as possible confined to the handloom weavers who want a change and besides is only with reference to the *additional* demand for cloth in the country

The existing production of handlooms is about 1,500 million yards of cloth. Under this scheme out of the additional demand of 1,700 million yards another 1,000 million yards have been reserved for production by the handloom industry making thus a total of 2,500 million yards in all.

It has been stated that there are 2·8 million handlooms in the country and after making allowance for idle handlooms, the balance of 2·2 million handlooms can produce 4,000 million yards at the rate of 6 yards per loom per day. The figure of 2.8 millions was collected in 1951 at a time when there was an acute shortage of yarn and the numbers were inflated in order to secure additional yarn supplies. The Textile Enquiry Committee (the Kanungo Committee) after carrying sample surveys assessed the number of active commercial looms at only 1·24 millions. Except in one or two places the Committee also found that the actual handloom weaver is a whole-time weaver by occupation. Their finding has been borne out in the Census Report for 1951 where the number of full-time handloom weavers has been calculated at 1·28 millions. In order to produce the 2500 million yards of cloth which has been reserved for the Handloom Industry, it would require nearly 1·4 million handlooms working full time for 300 days a year at the rate of 6 yards a day per loom. It would be apparent, therefore, that there need be no fear of any unemployment.

The essential feature of the policy is that it is the existing handloom weavers who are working in the co-operative structure who would be assisted to the change-over to power. This change-over is an inevitable stage in the improvement of production techniques in order to enable the handloom weaver to improve his earnings, and raise his standard of living. At the same time, this change-over would be so regulated that it would be in relation to the additional demand for cloth, and only after care has been taken to see that full employment has been provided to existing handloom weavers.

The recommendations made by the Textile Enquiry Committee (the Kanungo Committee) and the relevant factors were fully taken into account by the Government before arriving at these decisions.

Shri M. S. Gurupadaswamy (Mysore): May I remind you of my adjournment motion which you held over for your consideration? May I know when it will be taken up?

Mr. Speaker: I have not been able to look into it, but I hope to bring it up on Monday.

BUSINESS OF THE HOUSE

COMMITTEE MEETINGS WHEN LOK SABHA IS SITTING

Shri Kamath (Hoshangabad): May I make a brief request to you? Some days ago, according to the Bulletins, we were advised that unless the Speaker otherwise permits, no sitting of a Parliamentary Committee shall be held after the commencement of the sitting of the House and before 3 P.M. That means that you have banned, if I may use that word, meetings of Parliamentary Committees between 11 A.M. and 3 P.M. I request you to extend the application of this direction or rule to all other committees or councils or other bodies in which Members are represented. I have been given to understand that my hon. friend, Dr. Rama Rao, who is fairly active during the question hour, has been held up because of the meeting of the National Railway Users' Council or some such thing. It would be very helpful if you can persuade Government bodies also to see that no meeting is held during these hours so that our Members will be able to attend the House during the question hour at least, and may not be deprived of the opportunity of being present during the question hour.

Mr. Speaker: I think the Speaker has control over the Committees of Parliament only.

Shri Kamath: But you can use your persuasive powers elsewhere too.

Mr. Speaker: The hon. Member has made a suggestion and the hon. Ministers, I hope, will take that into consideration as far as possible and avoid drawing of Members during the question hour. More than that I am not able to say, and it is left to the individual Member also to decide as to whether he ought to prefer the one or the other. These are the considerations that should be taken into account.

STATEMENT re. THE GOVERNMENT BUSINESS FOR FOLLOWING WEEK

Shri H. N. Mukerjee (Calcutta North-East): May I draw your attention to one matter? You had directed that every Friday the Minister of Parliamentary Affairs would inform the House about the programme of work for the coming week.

Mr. Speaker: Friday is not yet over.

Shri Kamath: As the hon. Minister telephoned to me this morning saying that he is unwell (*Interruptions*)......

Mr. Speaker: Why are hon. Members impatient when Shri Kamath is speaking?

Shri Kamath: I thought that he might have informed you also that he is unwell and that he would make the statement tomorrow.

Shri S. S. More (Sholapur): May I know whether the Minister concerned has intimated to you personally on the telephone that he is not well and will not be able to announce the programme for the next week? He has however informed a Member of the Opposition about it.

Mr. Speaker: I shall find out what is happening. Friday is not yet over. Today is Friday and of course till six o'clock it is Friday.

RESERVE BANK OF INDIA (AMENDMENT) BILL

Mr. Speaker: The House will now take up clause by clause consideration of the Bill further to amend the Reserve Bank of India Act, 1934. The time allotted is 2 hours.

Shri A. M. Thomas (Ernakulam): Shall I suggest to you that the clauses may be divided into three or four categories for purpose of consideration?

Mr. Speaker: There are no amendments to the Bill.

Shri A. M. Thomas: They deal with specific subjects and so they may be divided into three or four categories. I would humbly suggest that clauses 2 to 6, 12 and 13 dealing with the abolition of the Local Boards may be taken up for consideration together, as one group. Clause 7 is immaterial. Clauses 8 and 9 may form one group. Clause 10, with regard to the raising of the ratio of the various banks, may be taken separately. Then there is clause 11 to be considered.

Mr. Speaker: We will group them under these heads A, B and C. A will be clauses 2 to 6, 12 and 13; B will be clauses 8 and 9; C will be clauses 10. The other clauses are not of equal importance. Now we take up the first group, that is clauses 2 to 6, 12 and 13.

Clauses 2 to 6, 12 and 13.

Shri A. M. Thomas: I oppose these clauses 2 to 6, 12 and 13. Some of the arguments in favour of the deletion of these clauses I have already advanced when I spoke on the general discussion of this Bill. The justification for the abolition of the Boards set forth in the notes on clauses at page 9. It is stated there that the Local Boards at Bombay, Calcutta, Delhi and Madras are mainly attending to the work of the Reserve Bank connected with the transfer of shares, scrutiny of claims to shares belonging to deceased shareholders, etc., with the transfer of the Reserve Bank to public ownership and the disappearance of share-holders the Local Boards have no longer any important functions to perform. That was one of the arguments that was advanced by the hon. Minister also when he made his speech on the Bill while moving the motion for consideration. That argument would have held good if you were in a position to entrust to the Local Boards these functions; and these functions alone. I respectfully ask whether these functions could not have been enlarged. As the Act at present stands, according to section 9(4) you will find that a Local Board shall advise the Central Board on such matters as many be generally or specifically referred to it and shall perform such duties as the Central Board may delegate to it. So, not only these formal and insignificant powers such as recognition of transfer of shares or things like that but other functions of a more material nature and of a more significant nature could have been transferred to the Local Board for consideration and necessary recommendation and advice. This was not evidently being done. The initiative for abolition according to the Minister came from the Local Boards. There is no reason why the Local Boards themselves should have said, "There is no necessity for us to exist any longer and, therefore, abolish us", but for the fact that they were not entrusted with enlarged functions. I do not think in the usual course of things we can expect the Local Boards to take the initiative and say—particularly when they are the Local Boards of such a very important institution as the Reserve Bank—that they may be abolished. So, I think there must be something more than what is mentioned by the hon. Minister in the notes on clauses as well as in this speech for the initiative that has been taken by the Local Boards.

Section 8(1)(b) of the Reserve Bank of India Act reads:

> "The Central Board shall consist of the following Directors, namely:
>
> * * * *

(b) four Directors to be nominated by the Central Government, one from each of the four Local Boards as constituted by section 9".

The Central Government was in a position to nominate one person each from the various Local Boards and that was a very healthy provision. It would give representation to the various regions; it would also give a more democratic set-up to the Central Board. Because of the abolition of the Local Boards, the Central Government would not be in a position to make any such choice. This is evidently a retrograde measure when we are moving more and more towards decentralisation. Wherever possible we must see that the principle is given effect to. In the matter of State Bank and insurance corporation, we have adopted this principle. I do not understand why we should depart from that principle in this case. How would the Reserve Bank be in a position to weight regional considerations and the peculiar circumstances in the various parts of the country when it decides on policy matters without the benefit and advice from the Local Boards?

The remedy is not in the abolition of the Local Boards. It lies in giving them more advisory functions and in making them really useful. The Reserve Bank occupies a very important place in the country. It is not only a Government bank; it is the bank of banks and also the stabiliser of prices and exchange rates. It is the guardian of the national finances. Such an important body must welcome the opportunity to get the advice from the Local Boards. The hon. Minister should be persuaded not to press for this provision here. The Local Boards must be given more advisory functions and thus made more useful rather than being abolished.

Shri T. S. A. Chettiar (Tiruppur): In the speeches made during the general discussion, there was unanimity of opinion on one point that the Local Boards should be retained. There are very good reasons for that. The remarks which the Minister made in his speech were something damaging to the way in which the Local Boards were utilised. It is also mentioned in the notes on clauses that the Local Boards were mainly attending to the work of the Reserve Bank connected with the transfer of shares, scrutiny of claims to shares belonging to deceased shareholders, etc., and since it is now owned by the Government there is no necessity for these Boards. What was the object of having these Local Boards? In the Reserve Bank of India Act, it is said that the Local Board shall advise the Central Board on such matters generally and specifically referred to it and shall perform such duties as the Central Board may delegate. That the Reserve Bank did not refer to them certain questions and asked their views and that it delegated only this function is itself damaging to the Reserve Bank. The Local Boards have not been properly utilised.

He has said that the Local Boards themselves had passed a resolution for their abolition. Naturally, if I am in a committee and it is not properly utilised, I would certainly say: "Take this committee away rather than having it and not utilising it properly. Why were they not utilised for any other purpose? That they have not been utilised properly is no reason to abolish them. It is dangerous to do so.

I have already in my speech during the general discussion said that they can perform certain useful functions. The conditions are not the same throughout the whole country. In Madras there are certain banks the like of which do not exist in other parts. There was a type of banks called *nidhis* in these areas. They are small banks with a lakh or two lakhs of capital, catering to the needs of the cultivators, petty traders etc. in that part of the country. They have been serving

[Shri T. S. A. Chettiar]

a good and economic purpose. Who will be there in the Central Bank who will know the conditions of these banks in these particular areas. So, also, there are variations in the condition of the industries agricultural production etc. There are differences in the ways of investment. The supply of credit for agricultural operations may differ from bank to bank; even in the co-operative banks, it varies from area to area. That is why Member after Member stood up and demanded their retention. I have not analysed the speeches but he would find them saying that this was a very retrograde step. There is a strong case for the retention of these Local Boards.

In financial matters, generally the opinions that come from Calcutta and Bombay rule. That influence has not been less with the Reserve Bank. If there are Local Boards, they can ventilate their opinion at least; there would be some opportunity for them to ventilate their opinion. Now, even that is sought to be taken away. It is very dangerous and wrong to do so. I do not think the Government is very well advised in bringing this amendment and I hope that this clause will be dropped in view of the opinion expressed in this House.

Shri S. V. Ramaswamy (Salem): I join the other hon. Members who have spoken against the abolition of the Local Boards. In trying to abolish them, we are moving towards financial autocracy.

Shri T. S. A. Chettiar: Dictatorship.

Shri S. V. Ramaswamy: I accept my friend's amendment. Instead of having a federal structure, we are moving towards over-centralisation. The reference to the abolition of these Local Boards is made with some amount of levity in the Statement of Objects and Reasons. With your permission, Sir, I wish to read that portion, paragraph 2 of the Statement of Objects and Reasons, which says:

> "The opportunity to amend the Act is also being utilised to carry out certain further amendments of minor importance. One such amendment is to enable the Reserve Bank to make advances from the newly-created National Agricultural Credit (Long Term Operations) Fund to State Co-operative banks for such purposes as are allied to or assist agricultural activities and the others are to abolish the Local Boards which have lost their importance after the nationalisation of the Bank."

The way in which they have treated this abolition of Local Boards is somewhat appalling, one must say. The Statement of Objects and Reasons itself says that these are matters of minor importance. One should expect the Government to say that it is a matter of very major and grave importance, because, as my friend the previous speaker has pointed out, this country is a vast one. Conditions differ from one State to another and the conditions in the rural parts differ from the urban parts. We must therefore certainly have Local Boards which will be in a position to understand the local needs, local difficulties and local requirements and adjust the monetary policy accordingly. Instead of that we are going to centralise, perhaps in Delhi. Previously, Sir, I have spoken with a sense of horror about the over-centralisation in Delhi. I confess to that horror again and again. In the matter of finance we are going to have over-centralisation—financial autocracy. I only hope that the Government will be pleased to respond to the sense of the House and see that this clause is dropped.

When they are saying all these things, when they are saying that the abolition of Local Boards is a minor matter, it is rather strange that another important matter has not struck the Government as important. Sir, you will kindly see sub-clause 17 of section 13 of the Reserve Bank Act which permits the Reserve Bank in this tenth year of our freedom to open an account with or make an agency agreement with and to act as agent or correspondent of a bank incorporated in any country outside India but not with a bank registered in India. That is the position. We are not seeking to amend that. That does not seem to be a major one. I say we ought to amend that. The discriminate against the banks of our own country is in one sense a blot on the statute-book of India, and the earliest opportunity should be taken to see that this sub-clause is deleted. These are more important things and not the abolition of Local Boards, I would respectfully submit. Sir, I hope the Government would be pleased to drop this clause.

Shri G. D. Somani (Nagaur-Pali): Mr. Speaker, Sir, I rise to support each and every word that has been spoken by the preceding speakers in favour of retaining the present Local Boards. I do not see the slightest justification for the step that the Government are taking to abolish these Boards.

It is rather curious to be informed that the members of the Board themselves have recommended that these Boards may be abolished. I think Shri A. M. Thomas was quite right in saying that, if they have recommended on those lines it must be due to the fact that the Boards have not been given opportunities to render useful advice on many important matters. If it is a question of consulting them only on the transfer of shares and such other minor matters, then certainly it can be conceded that they have no useful role to play. But the point is that our Reserve Bank plays a very crucial role in our economy. There are a hundred and one important problems that arise day to day in the economic set-up of the country in which the Reserve Bank has to play a very important role. Whether it is a question of curbing inflation, whether it is a question of fighting depression, or whether it is a question of expanding credit for the various sectors of our economy, the Reserve Bank has to perform very important duties in the economic set-up of the country, and in that context the advice of the various interests that are represented in the Local Boards will certainly be very useful to the Reserve Bank and to the Government. It is simply not possible for the Central Board to meet so often and to devote so much attention to the various complicated and important problems that might arise, and I think the Central Board would be very well helped if they have the benefit of the advice of the Local Boards on the various important issues which come up for being decided by the Central Board.

Therefore, Sir, I would submit that there is absolutely no possibility of any harm being done by the continuance of these Boards. On the contrary, there is every reason to hope that much useful benefit might result by the continuance of these Boards. I would, therefore, appeal to the hon. Minister to agree to the deletion of this clause and enable the Local Boards to function and to function in an effective and useful manner.

Dr. J. N. Parekh (Zalawad): I also join the previous speakers in their request for deleting this clause seeking the abolition of the Local Boards. I had given an amendment on this point, but due to some technical reasons my amendment has not been admitted. I feel that the functions of Local Boards are vast and varied and they do serve a useful purpose in the functions of the Reserve Bank of India.

Sir, India is a vast country and the regional dispersal of Local Boards certainly give a good idea of local conditions and help in the co-ordination of the functions of the Reserve Bank. If the Local Boards could not function properly, or they did not contribute usefully previously, it was not probably the fault of the Local Boards but probably the fault of the

[Dr. J. N. Parekh]

way in which they have been formed or the functions that were allotted to them. If the Local Boards did not do useful work previously, certainly the functions could be re-allotted with the idea to see that they do contribute usefully.

When the Reserve Bank is going to play a vital role in the economy of the country, when we are out to have credit control and other measures, it will be the Local Boards who will be able to give useful information to the Reserve Bank. In that way we can have useful co-ordination. Recently we heard that there was rice hoarding and in a particular region this was very much more. If the Local Boards are there, they can have an idea of the local conditions, certainly the Reserve Bank could be well informed about them and thereby they can contribute usefully.

There is one more reason why I say that the Local Boards can serve a useful purpose. As I said in my previous speech, shortly we are going to have the Part B State Banks to be incorporated into one unit. We do not still know whether that will be under the control of the State Bank of India or whether that will be functioning under the Reserve Bank. If that is going to function under the Reserve Bank of India, it is all the more necessary that these Local Boards should be there. They are sure to play a very vital and usetul role because these Part B State Banks are very widely dispersed—the State Bank of Hyderabad, Patiala Bank, State Bank of Saurashtra, Mysore Bank and so on. If the working of these banks has to be co-ordinated, the Local Boards will certainly be much more useful.

In abolishing these Boards there are no enabling powers also. Therefore, I would request the Minister, if they are not found useful all this time, to see that the Government is given enabling powers to constitute such Local Boards and to have additional functions given to it. This matter, I request, may therefore be reconsidered.

Shri N. Rachiah (Mysore—Reserved—Sch. Castes): Mr. Speaker, Sir, I rise to support this Reserve Bank of India (Amendment) Bill, 1956. This is a very simple Bill but its implications are very important if you consider the role of the Reserve Bank in the economy of the country. As many hon. Members have said, the abolition of the local boards is really undesirable. We are in a democratic country and we want everything to be done in a democratic way. As Shri S. V. Ramaswamy said, the abolition of the local boards would mean autocracy. As such, I am really opposed to the abolition of the local boards as contemplated by the provisions of the Bill.

There is one other provision which deals with the encouragement to be given for agricultural purposes. For the past five years the Reserve Bank has played a very important role in fostering the economy of our country, but the role of the Reserve Bank will be much more and will be more intensive because the second Five Year Plan is in the offing and this House is going to pass the second Five Year Plan within a short time through a discussion in the House. For the development of the economy and for all-round progress of the country, the role of the banks in general and of the Reserve Bank in particular is vital for the success of the second Five Year Plan. Ours is a country where agriculture is the main industry and without fostering agriculture we cannot achieve the real objective of the Five Year Plan.

In my own constituency, when the Reserve Bank (Amendment) Act was passed last year and when long-term and short-term loans were contemplated to be given to the ryots, actually, I found, and even now I find that the farmers are not in a position to get any financial assistance easily—whether long-term or short-term. Wherever they go, whether to the State Bank or the Reserve Bank, the authorities say that certain orders are awaited from the Central Government and that until then they cannot give credit facilities to the ryots. Therefore, I urge upon the Government to see that agricultural facilities, as is contemplated by the Central Government, are given to the farmers. Then only we can expect a large quantity of produce in the agricultural field.

With regard to the gold value, as Shri Joachim Alva said the other day, you must preserve and conserve more gold in stock in our country. We in our country utilise gold, which is a very precious and valuable asset of our country, in the form of ornaments and other decorations. Actually, this wealth is not taken care of by the Government. I am sure that the Government would within a short time see that all the gold in the country, except for barring the quantity which is essential for other purposes, should be taken over by the Government and utilised for the purposes of the country. If the Government wants more revenue, the Kolar Gold Field in the Mysore State, which is the only gold field in our country and which is producing the largest quantity of gold, should be nationalised. Then only we can expect good revenue both for the State Governments and also for the Central Government and that will be a great source of revenue for the Mysore State Government also. The Mysore State Legislative Assembly has passed a resolution unanimously that the Kolar Gold Mines should be nationalised. They have been urging for this nationalisation for so long, but the Central Government have not given their concurrence to the proposal. I hope the Central Government will give their concurrence very shortly.

With regard to the abolition of the local boards I once again urge, as two other hon. Members have said, that this clause should be omitted. That means that the local boards should not be abolished. In fact, the Government have taken cognizance of the resolution passed by the different local boards on this subject. I think there must have been a wrong selection with regard to the members of those boards. I feel that the local boards have no authority and no powers to pass such a resolution that the boards should be abolished. If competent personnel are not there, some other competent people who know the job better could be appointed. It is our look-out to see that these boards are properly utilised and that they cater to the needs of the nation. For the existence of democracy, the existence of the local boards is highly essential. Therefore, I hope the Minister will not press for the incorporation of this clause which abolishes the local boards. As urged by the other hon. Members also, I request the Minister to omit this clause.

I support, in general, this amending Bill very strongly, and request that it may be passed into an Act.

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I quite appreciate the feelings of the hon. Members of this House on these clauses. I request that the further consideration of these clauses may be postponed for sometime and that in the meantime the other clauses may be taken into consideration and be passed.

Mr. Speaker: That means, the discussion on clauses 2 to 6 and 12 and 13 is over. After the reply of the Minister, I shall put them to the vote Now, we shall proceed to clauses 8 and 9.

Clauses 8 and 9

Shri T. S. A. Chettiar: I wish to say a few words with regard to clauses 8 and 9. Certain fears were expressed in the course of the speeches on these clauses the other day. In fact, clauses 8, 9 and 10 are vital clauses in this Bill. We would like to know from the Minister one clarification.

[Shri T. S. A. Chettiar]

Clause 8, as it stands, puts a definite amount instead of a proportion as in the original Act. In view of the fears expressed by the House with regard to clauses 8 and 9, may I know whether the Reserve Bank has any idea in its mind as to how it expects to regulate this thing and whether it is going to put for itself a self-imposed limit beyond which these reserves will not be brought down?

Shri A. M. Thomas: With regard to the point that has been raised by Shri T. S. A. Chettiar, I wish to say a few words. The stability of currency does not depend upon the ratio of the reserves in the form of gold or in the form of foreign securities. I do not understand, therefore, why my friend still urges the point that we may put some limit by ourselves. Even viewed from the balance of payment angle, the limits that have now been put in the Bill itself would be quite proper, because the House will note that a minimum statutory balance of Rs. 400 crores is not so low as to cause any anxiety either in our country or in foreign countries. If we note the minimum that has been prescribed, we will find that the minimum, together with Rs. 115 crores in gold coin and bullion, will give a total reserve of Rs. 515 crores. This is certainly more than 50 per cent. of the average annual imports that have been estimated during the second Plan period. With such a minimum currency reserve, I think we would be able to supplement our foreign exchange requirements by borrowing from the International Monetary Fund and regulate our position in the matter of import and export controls. I do not think there is any substance in the anxiety that has been shown by my friend. Once we concede that the stability of the currency depends upon the stability and strength of our economy, the other arguments vanish. It is a medium of payment and the strength of the currency depends on the production in our own country. The other thing is more or less a fictional arrangement and I do not think any change is necessary, so far as these clauses are concerned.

Mr. Speaker: The question is:

"That clause 8 and 9 stand part of the Bill."

The motion was adopted.

Clauses 8 and 9 were added to the Bill.

Clause 10 —(*Amendment of section 42*)

Shri A. M. Thomas: Although the provisions contained in clause 10 have been generally welcomed during the general discussion of this Bill, we are clothing the Reserve Bank with extraordinary powers. The main purpose for which these powers are now being given to the Reserve Bank is to control inflation and also the price-level by the volume of credit granted by banks to individuals and businessmen. It is well-known that if more credit is given, the public have more purchasing power and this generally pushes up prices. Similarly, if any contraction of credit is made, that reduces the purchasing power and there will be less money in circulation. These two aspects are borne in mind by the Reserve Bank and the circulation of notes is now being regulated generally by two methods—by adjustment of the bank rate and by open market operations. Besides these two powers, this power is being given to the bank to enforce the quantum of amounts which the scheduled banks can deal in. The provisions contained in this clause form an effective way by which the quantum of money that can be dealt with by the scheduled banks, can be restricted. Therefore, by and large I support this provision.

But, I want Government to remember certain facts in the enforcement of the powers that are being given under clause 10. We have to bear in mind that we have several development plans and ours is a growing economy. Therefore, the caution that has been sounded in the report of the Committee on Finance for the Private Sector, appointed by the Reserve

Bank, is worth mentioning in this connection. At page 43 of their report, they say:

> "We have already referred in Chapter III to the difficult labour situated in the country affecting the operating costs of banks and other institutions. In addition, the rates at which these institutions can themselves borrow have for various reasons increased substantially in recent years. These factors together with the subdued state of demand from enterpreneurs at the prevailing rates of interest have, in fact, narrowed down the return on capital employed by the financial institutions and it is doubtful if there is any large scope for adjustments in the investment pattern of these agencies. We should like to emphasise that we are not in sympathy with activities that amount to 'profiteering'; but, we do feel that unless banks and other suppliers of credit are able to earn reasonable returns on the capital employed by them, they will find it increasingly difficult to attract the resources necessary to extend their loan and investment operations."

In another portion of this report, they say:

> "It is, therefore, necessary at each stage to take stock of the situation and assess what further scope there is for adding to the money and credit resources. But money supply should not fall behind the actual demand for money. Finance, if it should adequately perform its function as a catalytic agent, has to be elastic enough to sustain genuine activities of production and trade on an upward trend."

I read these portions with this point of view in mind. I have raised during the general discussion the question—the hon. Minister did not touch that point in his reply—that if such a large portion of the deposits, both time and demand, in the scheduled banks are prescribed to be kept in the Reserve Bank, then naturally for the advances made from the residuary amount, the customers would necessarily have to pay a high rate of interest, so that credit facilities become very costly. The Government has to take into consideration that point also.

Another thing which the Government should take into consideration is the composition of the deposits and the trend in the deposit rates in this country while enforcing these powers. With the rise in the bank rate in the United Kingdom, in March, 1952, exchange banks began to seek resources in the local market than in London by raising the deposit rates. Secondly, there has been an increase in rates by major Indian banks so much so, there has been a tendency for competition in the matter of attracting deposits and also in the matter of offering attractive rates of interest. Although the bank rate in the United Kingdom has been modified, that tendency is still there and the Reserve Bank cannot shut its eyes on this trend. This trend has also been referred to in the report of the Bank Award Commission, the Chairman of which was Shri P. B. Gajendragadkar At page 102, he says:

> "The increase in fixed and savings deposits as compared to current deposits has meant a larger burden of interest charges for banks. Competition between banks for these deposits has forced the interest rates upwards and made even seasonal reduction somewhat difficult."

He has also made a recommendation:

> "I understand that an attempt was made to bring about an agreement among banks regarding deposit rates, but it did not fructify. From the sharply increasing burden of interest charges and the submission by banks before me that they could not reduce the rates of interest

[Shri A. M. Thomas]

unilaterally, I feel that failing voluntary agreement between banks, Government may have to consider the possibility of regulating deposit rates for the safety of funds. I do not, of course, underrate the difficulties of such a procedure, but I would only add that it may be worthwhile to consider this aspect of the matter."

When we resort to these powers, this observation that has been made in the report of the Bank Award Commission has to be taken notice of by the Central Government as well as the Reserve Bank. You must attempt at more or less uniformity in the matter of deposit rates and should not allow the banks to outbid themselves in the matter of offering rates of interest. Then only you can, with justification, impose the restrictions on the percentage of both the time and demand deposits that should be put in the Reserve Bank. I invite the attention of the Reserve Bank to this aspect of the matter. Steps should be taken to achieve some sort of uniformity in the deposit rates at least by the scheduled banks.

There is another aspect that I wish to refer to. It is rather unfortunate that although hopes were entertained of the Reserve Bank that it would come to the aid of the depositors when there is going to be any bank failure or anything like that,—the House may remember the observations of my hon. friend Shri C. R. Iyyunni the other day—it has not been possible for the Reserve Bank to help the failing banks, on critical occasions. For that, you would notice that a suggestion has been made that there must be some such institution as the Federal Deposit Insurance Corporation in America, to protect bank depositors from loss in the event of any bank failures and to enable the banks to serve the community more adequately. The Rural Banking Enquiry Committee also recommended the constitution of a committee to enquire into the various aspects of forming such an institution, and consider schemes. I do not think any steps has been taken by the Reserve Bank in this direction and save the poor depositors in times of crisis. The Reserve Bank has a moral duty to do something in this direction when it imposes controls and exercises supervisory powers, apart from the powers vested under the Banking Companies Act, which enjoin the banks to keep a certain percentage of the deposits in reserve under section 24 of that Act in the form of cash and other securities.

My next point is this. By this clause, you are clothing the Reserve Bank with powers to adopt various rates as between bank and bank. No uniform ratio is given and no uniform percentage is also fixed. With regard to additional deposits beyond a level, this matter has been in a way criticised by the Federation of Chambers of Commerce and Industry. But, I think that such a power is necessary in the light of the different conditions and circumstances that exist in our country. Instead of classifying banks into three or four categories and then fixing the different rates and percentages of deposits that they have to keep in the Reserve Bank, I think it is necessary that the Reserve Bank should be clothed with the power to deal with each bank individually, and fix whatever percentage the Reserve Bank deems fit. When I raised this point, I have in mind the peculiar problems of the banks in my part of the country. Shri T. S. A. Chettiar raised the question when he talked about the necessity of retention of these local boards. The conditions of banks in the south are different from the conditions obtaining in other parts of the country. Unless the Reserve Bank is clothed with powers to take into consideration this regional aspect, it may not be in a position to do justice to the weaker elements. You know, Sir, that the Bank Award Commission to which I have made reference, has already reported about the special problems of certain banks in certain parts of the country. On page 158, it has referred to the problems connected with the banks incorporated in Travancore-Cochin. It says:

> "I would begin by discussing first the problem presented by the banks in Travancore-Cochin State. Banks incorporated in the Travancore-Cochin State present peculiar problems of their own while occupying at the same time a very important place in the economy of that part of the country. It is a predominantly small economy, essentially agricultural, and is based on a vast educated lower middle class which forms a majority of the population of that State. Consequently the banking units incorporated in this area are very small in point of paid-up capital, reserves and total resources and therefore, in respect of their profits as well."

Although there are about 12 scheduled banks in my State, all these scheduled banks, as compared with the scheduled banks in other parts of the country, are comparatively small. If, to all the scheduled banks, you apply one yardstick, it may not be possible for certain banks in a particular part of the country to make the deposits as required. We speak about inflation and injecting more money into the economy of the country, to increase the purchasing power of the people. When we consider an all-India average, there may be some justification for getting alarmed about inflationary tendencies. As far as certain parts of the country are concerned, you will notice that it has not been possible to derive any benefit from the increased money supply. In parts of the country wherein there are large projects, it is quite true that you have been able to inject more purchasing power into the community. But as far as the backward areas and under-developed areas are concerned wherein you have not even now chosen to have any major projects, there is not much possibility of the additional currency that you have created under the Second Plan, to have any impact. So far as they are concerned, for the manufactured goods they will have to pay much more. In these areas the inflationary tendency has not had any impact. I submit that, to the banks in these areas, it is not proper for you to fix the same percentage as you have fixed in the case of scheduled banks in other parts. That would certainly effect a contraction of the credit machinery in that part of the country and that would be ruinous and disastrous to the economy of these backward areas. I would like the Reserve Bank and the Government to bear this in mind and keep a close watch over the circumstances of the various banks in various parts of the country and not to apply the very same yardstick to all the banks whether they are scheduled or non-scheduled.

Shri T. S. A. Chettiar: This is a very important clause. Government wants to take power to avoid inflation, in case deficit financing leads to inflation, by the provision in the proviso to this clause. During the general discussion, there was a lot of discussion over this clause. This clause refers to scheduled banks and they are plenty in number, concentrating in their hands about 90 per cent. or more perhaps of the financial dealings in this country. Government seems to think that by controlling deposits, by immobilising the deposits of 90 per cent of the banks by increasing the deposits to be made by them in the Reserve Bank, it will be able to control inflation.

1 P.M.

In this matter, as also in another matter which has been raised before us, I would like to point out that inflation is a hydra-headed monster. It appears in a thousand forms in many places. And it may be that the inflation may be felt more in a particular area than in another area. It will all depend on which area gets a lot of money out of the activities of the Second Five Year Plan. So, we would like to know whether the notification to be issued by Government will apply to all the ninety banks equally.

[Shri T. S. A. Chettiar]

You know that when notifications are issued by Government, they can apply to all categories of those to whom it applies.

The proviso to clause 10 reads:

> "Provided that the Bank may, by notification in the Gazette of India, increase the said rates to such higher rates as may be specified in the notification......"

What I would like to know is whether a notification can apply to individual banks or whether a notification issued under this clause should apply to all the banks. I believe that it will apply to all the banks normally. If that is so, then there will be difficulties, because the conditions that are obtaining may not be the same in all the individual banks in the country. There may be banks in South India or other parts of the country, in which the inflation may be felt more or less than in certain other places in the country. That is why I would like to know whether a notification issued under this clause will apply to all the banks, or whether power has been taken to apply it to certain specific areas only.

Then, I would like to make a brief reference to sub-section (IB) wherein power has been taken to determine the rate of interest to be paid. In this matter also, I would like to point out that interests paid by the Banks themselves are different in different cases. There are banks which pay a certain high rate of interest in order to attract business when they open a new branch. I know of a particular case, where one of the five biggest banks which opened a branch in Coimbatore paid an interest of one per cent. on current account, with a view to attracting business. Normally, certain banks do not pay interest at all on current account, while there are certain others which pay an interest of ¼ or ½ per cent. But it is a fact that there are banks which in the beginning, with a view to attracting business in a particular area, pay as much as one per cent on current deposits. If such banks keep their demand or time liabilities with the Reserve Bank under the notification to be issued under clause 10 of the Bill. I would like to know whether the return by way of interest that the Reserve Bank will pay to these scheduled banks will be sufficient to compensate for the loss that they are incurring on account of these deposits with the Reserve Bank, or whether the rate of interest will be at a uniform rate for all the banks. If it is a uniform rate, it will create hardship to some banks and advantage to some others. So, these are matters which have to be gone into.

As far as I have been able to interpret the clause as it stands, I find that the clause does not say that the Bank may pay interest to the scheduled banks at such rate as may be found necessary in respect of each individual bank. That is not quite clear. It merely says:

> "...the Bank may pay to the scheduled bank interest at such rate or rates as may be determined by the Bank....'.

I think that should mean that the rate of interest will depend on each individual bank separately. However, this is a matter which is bound to give trouble when this provision is put into effect. I hope Government and Reserve Bank are well aware of these difficulties, and if they can give us some idea of how this provision will be interpreted. It will go a long way in clarifying this matter beyond any doubt.

Shri C. R. Iyyunni (Trichur): When I spoke last on this Bill, I had made certain references to the variations in the deposit rates in Bombay, Calcutta and other places as compared with those in the Travancore-Cochin State. So far as the clause which we are now discussing is concerned, I would like to point out that even in the Act as it stands, there is a provision similar to the proposed sub-section (1) of section 42, under which every bank included in the second schedule has to maintain with the Reserve Bank two per cent of the time liabilities and five per cent of the demand liabilities. There is a similar section in the Banking Companies Act, namely section 24, which requires:

> 'every banking company shall maintain in cash, gold, or unencumbered approved securities valued at a price not exceeding the current market price an amount which shall not at the close of business on any day be less than 20 per cent of the total of its time and demand liabilities .".

That provision also has to be complied with. That means that every bank, with a view to the liquidity of its cash, has to maintain 20 per cent. of its time and demand liabilities with the Reserve Bank. It can do so in three forms, either in the shape of cash in the bank, or in the shape of gold or in the shape of unencumbered approved securities.

So far as securities are concerned, there are approved and unapproved securities. In this case, the securities have to be approved securities. Besides, they should be unencumbered. Suppose the amount of security is Rs. 10 lakh and the Bank has borrowed Rs. one lakh, then that security will not be approved, because it is not an unencumbered security, even though the bank has the right to obtain Rs. 9 lakhs from out of the Rs. 10 lakhs that has been deposited. So, the amount to be deposited must be in the shape of unencumbered approved securities.

Now, what does the amendment proposed say? It says:

> "Provided that the Bank may, by notification in the Gazette of India, increase the said rates to such higher rates as may be specified in the notification so however, that the rate shall not be more than twenty per cent, in the case of demand liabilities and more than eight per cent., in the case of time liabilities.".

In the case of the smaller banks, especially the scheduled banks in our part of the country, the House will be pleased to remember that the current deposits amount only to 25 per cent of the total deposits, while 75 per cent is time deposits or fixed deposits, whereas in Calcutta, Bombay and other places, the current deposits alone account for about 60 per cent of the total and the time liabilities account only for 40 per cent. Now, what would be the effect of this proposed amendment? If the Reserve Bank by notification calls upon all the scheduled banks, whether they are situated in Bombay, Calcutta or any other place or in Travancore-Cochin State, to keep up to 20 per cent of demand liabilites and up to 5 per cent in the case of other liabilities, then what will be the position? I beg to submit that in that case, the scheduled banks in Travancore-Cochin State will not be able to run. Under the clause as it stands, no discrimination can be made between one scheduled bank and another. But my suggestion would be that only those banks which have a deposit of more than Rs. 10 crores should be brought within the category of banks that ought to be required to fulfil this condition.

With regard to scheduled banks which have got a deposit of less than Rs. 10 crores, they should be excluded. That is my constructive suggestion. The reason is simply this. As I have said, there is not only this difference in the rate of interest, but also there is a considerable difference in the amount of current deposits, at least in our part of the country. Whether it is a scheduled bank or a non-scheduled bank, it is paying an interest of about 1 to 2½ per cent.

Now, this amount will have to be paid to the Reserve Bank. In that case, is it possible for the bank to run and make profit? There will be establishment charges, there will be stationery charges, rent and so on. So, it will not be possible for even a scheduled bank to run the institution with any profit whatever, because under section 24 of the Banking Companies Act, it will have to deposit cash, gold or unencumbered approved securities with the Reserve Bank.

[Shri C. R. Iyyunni]

In that case, there will not be any cash to transact business with clients in the bank itself. If all the money that has been acquired by the bank by way of current or other deposit is to be handed over—at least the major portion of it—to the Reserve Bank, how can the bank run? How can any bank run, and even if it runs, how can it run at a profit?

Not only this. It is stated in the note on clause 10:

> "This clause vests the Reserve Bank with the power to vary reserve requirements of scheduled banks within the range of 5 to 20 per cent. in respect of demand liabilities and 2 to 8 per per cent., in respect of time liabilities and to require them to maintain in respect of any increase in deposits with them after a specified date and the additional reserves required to be maintained may be up to one hundred per-cent. of such increase."

So there appears to be a presumption that hereafter there will be an increase in the deposits. I do not know what is the basis for this presumption, unless there are data behind it. I can understand it if during the second Five Year Plan, deposits pour into the banks without limit. Then certainly I have no objection. It may be done. But how can anybody say anything about that? So clause 10 cannot apply to all banks. I can understand it if a Government by notification require a specified number of banks to pay at the rates specified. But if it is going to be a condition that all banks will have to pay, that will be out of the question. The real effect of such a provision will be that many of the banks which are doing good work—they are catering for the needs of the agriculturists, petty traders and other people—will have to close their shop. That is at least what will happen so far as Travancore-Cochin is concerned, because it is a small State, and people have not got much money—I mean such of those people who would like to get some interest for the little amount which they have. In the case of big people who want to deposit big sums, it is a different matter. Suppose one goes to the State Bank and wants to deposit one current account, say, Rs. 2 or 3 lakhs, one does not get any interest. In that case, there will be no difficulty in transferring it to the Reserve Bank. But in the case of other banks or transactions with money obtained from the depositors, the business cannot run like that. Without transacting any business, how can they earn any profit? And if they do not earn any profit, how can anything be done? It will simply be asking those banks to close their shops. That is what is really going to happen.

So my suggestion that this rate may be confined to scheduled banks which have got a deposit of more than Rs. 10 crores, and the rate also may be reduced, say, 10 per cent instead of 20 per cent. In that case, it will not be very difficult for banks which have a deposit of over Rs. 10 crores. But in the case of scheduled banks which have got only a deposit of Rs. 1 crore or Rs. 2 crores, it will be difficult, almost impossible, to run the institutions.

I would request the hon. Minister to consider this aspect of the question, in view of the varying ratio between time and demand deposits in Travancore-Cochin and the rate of interest prevailing in big cities like Bombay and Calcutta and our part of the country. Certainly I do not say that this need not apply. But there may be some amendment made on the lines of the suggestion I have made, that is to say, it may apply to all scheduled banks which have got a deposit of over Rs. 10 crores and the rate may also be reduced.

Shri N. B. Chowdhury (Ghatal). So far as this requirement of maintaining higher percentages of reserve is concerned, I supported it in the course of the general discussion. But I would like to make certain observations with regard to the provisions under sub-clause (a). It has already been pointed out by Shri T. S. A. Chettiar that it is not very clear from the wording here whether the higher percentages might be demanded uniformly or separate percentages might be fixed by notification with regard to particular banks. So that point needs clarification. I say this because we know there are small banks and large banks. There are certain banks for which it will not be possible to maintain these higher reserves.

Shri A. M. Thomas: The provision reads:

> "Notwithstanding anything contained in sub-section (1), the Bank may, by notification in the Gazette of India, direct that every scheduled bank shall, with effect from such date as may be specified in the notification, maintain with the Bank...."

That is, only those banks which are specified in the notification would be affected.

Shri N. B. Chowdhury: That is clarified, but in this connection I would like to observe that while issuing any such notification Government will have to keep in mind the specific conditions prevailing in a particular bank. With regard to the application of the notification, banks should be selected properly; otherwise, it may cause certain difficulties for certain banks. We know that due to indiscriminate notifications some banks suffer difficulties.

Then as regards the requirement of higher percentage of balances, we support it because in view of the credit expansion and the creation of money contemplated under the Second Five Year Plan, it is necessary to control the undesirable activities of speculators who can indulge in such activities only because of the credit facilities which they get from certain banks. At the same time, we would also urge upon Government to see that not only a higher balance is demanded, but a watch is also maintained over the kind of investment that is made with the credit obtained from the banks. We know that in our country there are certain monopolists who have their own banks and these banks and other banks provide money only to those monopolists. The result is that even so far as the private sector is concerned, it is only the monopolist that is helped by such banks. There should be sufficient power in the hands of Government and Government should be vigilant as to the nature of the use of the money or the credit obtained from such banks.

I do not agree entirely with what Shri Iyyunni has said although we feel that there should be some reasonable standard so far as the financial code is concerned. According to the provision in 10(1A) and (1B), the interest rates have to be determined by the Reserve Bank in certain cases. While fixing such interest rates, we would like to see the Bank taking into account the behaviour of such banks with regard to the supply of credit. Some time ago, we referred to the speculative activities encouraged by some of the banks. With the provision for huge deficit financing to the extent of Rs. 1,200 crores, there is likely to be inflation. We already see the beginning of it. Unless drastic powers are there in the hands of the Government to control the credit supplied by the banks, it would be very difficult to bring the situation under control. As there is likely to be a serious rise in prices along with deficit financing, if the speculative activities are not severely controlled, it will have serious repercussions on our economy. I would, therefore, request the hon. Minister to state clearly whether, while taking such powers, they are also going to see that whenever there is a rise in prices beyond a certain point or a fall in prices below a certain limit, Government would take adequate action so that the prices may be brought to a reasonable level so that people may not suffer due to a rise or fall in prices.

[Shri N. B. Chowdhury]

It is felt that these powers alone may not be sufficient to keep the economy even and for that purpose it has already been urged in this House by several Members that it is high time that the banking institutions in this country are nationalised because, with mere regulatory powers to the extent conferred by this clause, it would not be possible for Government to control undesirable activities successfully.

Dr. J. N. Parekh: Sir, this is a very important provision, no doubt......

Mr. Speaker: This was discussed threadbare during the general discussion.

Dr. J. N. Parekh: It gives wide powers.

Mr. Speaker: We must conclude discussion on this Bill by 2 o'clock. If hon. Members want some time for the third reading, we must provide for that also. The hon. Member will kindly bear that in mind.

Shri Bansal (Jhajjar-Rewari): We can go up to 2-30 because so many want to speak.

Mr. Speaker: We have fixed 6 hours. One after another hon. Members are trickling into the House. We have only two hours for today.

Shri Bansal: I am not going to speak.

Mr. Speaker: I do not prevent any hon. Member from speaking. I rather welcome them. But, there is a time limit and I drew the attention of the hon. Member to that.

Shri N. B. Chowdhury: Five hours were taken up by this Bill the day before yesterday.

Mr. Speaker: For clause by clause discussion and third reading 2 hours were allotted.

Shri A. C. Guha: It was decided that there should be 6 hours for the first reading and 2 hours for all the other stages.

Dr. J. N. Parekh: This clause gives wide powers to the Reserve Bank. In the case of developing economy with increase in note circulation as well as rise in the bank advances, it is necessary to have this power in the hands of the Reserve Bank to have credit control. We have seen this paradoxical phenomenon of increase in note circulation of money supply and the scramble for funds by the Scheduled Banks with the result that even the call deposit rates of certain of the banks have gone up. Particularly the foreign banks have entered into the field of call deposit and are almost quoting higher rates because of the higher rate prevailing in the foreign countries and therefore they would like to utilise Indian funds.

On the one hand there is increased production and on the other there is a rise in prices. So, just to keep these inflationary tendencies under check, this credit control mechanism has to be geared to the economy of the country. Therefore, this power in the hands of the Reserve Bank is very necessary and vital. Just as the bank rate plays a part, this idea of having a variable Reserve ratio is very important and the Reserve Bank can mop up the increased money supply and control the credit. This power will enable the Reserve Bank to squeeze as well as to bring down the diequilibrium if there is any. I think the Reserve Bank will certainly use this power judiciously. It may be a little hard for the smaller banks to keep and maintain such high percentages of ratio but there also the Reserve Bank has been given power to notify certain minimum for all banks; so, they will take into consideration the hardships of smaller banks.

About rate of interest, no doubt, there is provision (1B) that the rate of interest for such deposits or increased or excess amount kept with the Reserve Bank should be negotiated and settled with the Reserve Bank and the Scheduled Banks concerned. If certain maximum and minimum are fixed, it will go a long way, because it may not be possible to fix a rate of interest in view of the changing money conditions. If certain maximum and minimum could be fixed, it would be certainly better and helpful.

Shri A. C. Guha: Several doubts have been raised by some hon. Members, but I think most of the points were discussed day before yesterday also.

The main point is whether the variable reserve ratio will apply to all banks uniformly or whether it will vary from bank to bank either on individual basis or on the basis of category. If hon. Members had read the Bill carefully, they would find that the intention of the Bill is that this ratio will apply uniformly to all scheduled banks. The apprehension felt by certain Members, particularly Shri Chowdhury, has been taken care of by clause 10(1A). There is a provision for some additional balance being required from the banks and that will be calculated on the basis of the increase in the deposit of banks during a particular period. The first provision of variable reserve ratio will be calculated on an average basis so that all the scheduled banks may bear the burden. But when the Reserve Bank or the Government find that certain banks have been extending their credit creation activities and have also accumulated some more deposit during a particular period, which advantage other banks might not have got, then in those cases the Reserve Bank would ask the banks to deposit a certain percentage of the increased deposit during that period. So, the banks which would not have the good fortune of having a huge increased deposit in that period will not be much affected by the second provision. But those banks which have increased their deposit during that particular period to a considerable extent will have to deposit with the Reserve Bank some considerable amount as special reserve, and that will check their credit expansion activities and also the tendency to speculation leading to price rise. The second provision of sub-clause (1A) should be read with the main provision of clause 10. My hon. friends will then realise that the apprehension which they felt has been taken care of by the Reserve Bank, by the second provision here. According to the first provision, the variable reserve ratio will apply uniformly to all scheduled banks, but that will be on a moderate basis, so that all banks may bear the burden. For some categories of banks which may have some good luck during that period, the second proviso will apply effectively.

About the rate of interest on the reserves that the scheduled banks will keep with the Reserve Bank, I think that day before yesterday I stated that it would be difficult to specify any rate of interest as that would vary according to market conditions.

Shri Chowdhury mentioned something about adequate action to be taken on price fluctuations. I think hon. Members should not feel unnecessarily alarmed at the price fluctuations during the last three or four months. If we take an overall view of the price fluctuations during the First Plan period, we will rather find that there has been a fall in the cost of living index by about 4 or 5 per cent. Of course, it is admitted that during the last three or four months there has been some rise and the Reserve Bank is taking action to stop the speculative hoarding of essential commodities. It has been alleged that these hoardings are being helped by some advances through scheduled banks. It is admitted that during the last few months, advances have increased, and that might have helped some hoarding, leading to price fluctuations, but now adequate steps are being taken. In a rapidly changing and developing economy, we must always give some latitude for short periods when there might be some untowards happnings, but immediately

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the Government or the Reserve Bank will take appropriate action in this respect. I am sure the action taken by the Reserve Bank in this matter will bring down the hoarding capacity of the hoarders, and the advances of the scheduled banks in that respect will also be curtailed. At the same time, as I mentioned day before yesterday, hon. Members should also remember that the price level should not be compared with the price level prevalent during last year from the middle of 1954. That was rather a slump period for agricultural goods. We should compare the price level with some previous years' price levels.

Shri Thomas has mentioned about the earning capacity of the banks. His apprehension is that by this provision of variable reserve deposit, the earning capacity of the banks will be curtailed. I can say that that is almost one of the indirect purposes of the Bill. When the banks would be advancing too much money, creating credit to an inordinate degree, they also must be earning profit. Unless we put a curb on the profit in this respect, no steps will be properly effective. Of course, the Reserve Bank will see that adequate normal profit might be earned by these scheduled banks.

I think the hon. Member has also mentioned about the smaller banks and I have already replied to that.

Some Speakers have referred to the need of applying the provisions in such a way that the conditions of the particular categories of banks are taken note of. I have already stated that that has been taken note of by the provision in (1A) of clause 10 at page 4. This provision will check the activities of those banks which have accumulated huge deposits and might have been indulging in improper advances.

Mr. Speaker: The question is:

"That clause 10 stand part of the Bill".

The motion was adopted.

Clause 10 was added to the Bill.

Mr. Speaker: Before coming to the clauses left over, let me put clause 11 also to vote.

The question is:

"That clause 11 stand part of the Bill".

The motion was adopted.

Clause 11 was added to the Bill.

Mr. Speaker: The hon. Minister has not had his reply in respect of clauses 2 to 6, 12 and 13. He may now reply to them.

Shri A. C. Guha: I think it is better for me to bow down before the unanimous demand of the House, and I agree that these clauses may be deleted. These are not relevant for the real purpose of the Bill. As has been stated in the Objects and Reasons, the Reserve Bank or rather the Central Board of the Reserve Bank thought, and the Government also concurred with them, that the opportunity might be taken also for the abolition of the Local Boards as they have not been serving any useful purpose. But we had nothing to say that these Local Boards have been in any way obstructive or harmful to the working of the Reserve Bank. In view of the almost unanimous demand of this House, we agree to the deletion of these clauses but with your permission, I would like to make a formal change in clause 7.

I beg to move:

Page 3, line 1—

for "the principal Act", *substitute* "the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act)".

Mr. Speaker: I will first put the clauses 2 to 6, 12 and 13 to the vote of the House.

Shri A. M. Thomas: The sponsor of the Bill says that they may be deleted

Mr. Speaker: He says he is willing to agree to let them be voted down. So, the hon. Members may say 'No' to these clauses.

The question is:

"That clauses 2 to 6, 12 and 13 stand part of the Bill."

The motion was negatived.

Mr. Speaker: I shall now put the amendment to clause 7 to the vote

The question is:

Page 3, line 1—

for "the principal Act", *substitute* "the Reserve Bank of India Act, 1934 (hereinafter referred to as the principal Act)".

The motion was adopted.

Mr. Speaker: The question is:

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clause 14 was added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

Shri A. C. Guha: I beg to move:

"That the Bill, as amended, be passed."

I do not like to say much now. The principle of the Bill has been agreed to by the House and therefore, I hope that this will meet with the approval of the House.

Mr. Speaker: Motion moved:

"That the Bill, as amended, be passed."

Shri H. N. Mukerjee (Calcutta North-East): Sir, we are on the point of passing a very important Bill which deals with certain powers which, the House concedes, should be exercised by the Reserve Bank in its objective of expanding credit facilities which are necessary in the context of the second Five Year Plan. It goes without saying that the Reserve Bank is the pivot in our economic set-up and the tasks of the second Plan certainly demand that there should be necessary adjustments in the rights and powers of the Reserve Bank authority. So, by and large, we have welcomed the Bill. But, there are certain matters to which reference has already been made in the course of the discussion but which I wish to reiterate because I do want to bring to the attention of the Government the sense of urgency in the country regarding the danger of inflationary tendencies appearing in our economy.

In the second Plan it was stated very clearly that the prices of food and cloth occupy a strategic position in the Indian economy and a sharp rise in these prices has to be prevented by the use of every device. We have noticed on many occasions how there is on the part of the Government, a suggestion of complacency on this point.

I have tried to follow the proceedings of this House in regard to this Bill and I was rather disappointed that Shri Guha, in spite of having been to West Bengal lately where he observed certain things and made certain pronouncements very rightly, has come here to express himself in a manner which suggests—to my way of thinking, the way he has expressed his views suggests—that he does not take a very serious view of the rise in prices which has happened all over the country. I hope, Sir, we shall have an opportunity in this House before long to discuss this question of the rise in the prices of food stuffs and other essential commodities but when we have an opportunity in connection with the Reserve Bank of India Bill, I wish to point out that we desire the Government to express itself unequivocally in regard to the desirability of exercising those resources including even physical controls which would be necessary in order to prevent this attack on the living standards of our people. It has been pointed out by a paper like the

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by *Statesman* in its issue of the 12th of July that the choice by the Government's spokesmen of the year 1950 on which to base the ideas of what should now be considered the normal price is a little odd. The average man and woman in the country when he or she makes the purchase, think of 1939 or some such year.

It might be said,—as Shri Guha said the day before yesterday twitting my friend Shri Gurupadaswamy,—that we on this side of the House wanted the agriculturists to have a reasonable price which sometimes meant a high price compared to what had prevailed at a particular period. But I wish the Government to be reminded that the Government's duty is to ensure a parity economy where as between the prices of industrial goods and agricultural prices, there is a kind of correspondence. In regard to that point, the Government has failed altogether and that is why we have a feeling that in regard to this question of prices, the Government is not as earnest and urgent as it ought to be. I know that the Reserve Bank has taken certain steps in regard to the speculative trading in food stuffs through the instrumentality of banks. But I know at the same time that the Reserve Bank has admitted itself that in 1056, in spite of a fairly good crop, the situation created by speculative trading through the instrumentality of the banks, which it is now trying to prevent, has caused the upset, so to speak, in the equilibrium of prices. Now the Reserve Bank has told the banks to diminish the quantum of money which they can advance in regard to foodgrains, but there is no straightforward ban in regard to such transactions. I feel, therefore, that there is a great deal still to be done.

I see also, when we look at import and export figures, that we import things like whisky, perfumery, tinned fish, tinned fruit, confectionery and even packs of cards to a fairly substantial amount, and we do so at a time when we can easily do without such imports and, therefore, it would not be necessary for us to export certain things which are all of essential importance to our country. We export things like mustard seeds, export of which has recently been stopped. But we export these things because we want to have money in the world market, and at the same time we import things like whisky, perfumery, toiletry, tinned fish and all that kind of thing.

We can go into this question, Sir, later on. But I feel that the position today in the country is such that there should be a basic examination of the entire position. There should be an attempt at having a real parity economy so that the peasant won't suffer as well as the people in the towns also would not suffer. There should be at the same time a rationalisation of our export and import policy.

I wish to refer also, in connection with this Bill, to the question of gold,—this yellow metal which has been the cause of so much trouble in the world's history. I do not see, Sir, why the Government has not come forward, now that we have an opportunity of this discussion, to say that as far as our gold resources are concerned we are going to maximise it. And there are ways and means of doing so, as has been proved by the effect of the recent smuggling operations against which the customs authorities are at the time—at least for the time being they are particularly active. In Calcutta, as has been mentioned already in the course of the debate, there has been find of gold even under fashionably kept shrubbery in the houses of very well-known industrialists—gold hidden in that way. We have heard how in the process of customs examination gold has been found on the persons of people who are apparently very respectable. We have heard at the same time bullion merchants complaining that they are trying to carry on honest trade but they are being harassed, while actually the villains of the piece are those who smuggle gold and other bullion into this country by all kinds of dubious means and go scot free. I want the Government to come forward with a statement that we can increase our gold resources if only we stop this kind of smuggling and, at the same time, we can unearth gold which is there already. The gold which is in the mines somewhere in the jungles of some country or other is just as dead as the gold in the secret security vaults in our country. Why don't we try to tap these security vaults here and now? We can increase the gold resources of our country in a fashion which would certainly strengthen and fortify the economy of the country which the Reserve Bank is there in order to maintain and develop. With regard to this matter, therefore, I wish that the Government proceeds in a fashion which is consistent with the desires of the country.

I wish also to refer to another matter and that relates to the report of resignations which were given by certain very high officers of a sister organisation of the Reserve Bank, the State Bank of India. Sir, I am not going into any detail over it, but we were told only the day before yesterday that no specific reason was given by these worthy gentlemen who decided to resign from the State Bank of India. If they had given a reason—health, or age or something like that—I could have understood it, but I take 'no reason' to be a very dubious proposition. I refer to this matter in order to tell the Minister that he should make it a point to tell those who are at the top that they have to serve the country on the country's terms. He has also to make up his mind that he has to get the support of those who are down below. My friend the Labour Minister here knows how the employees of the Reserve Bank of India have a great deal of grievances which they noise about from time to time. But I tell the Minister that it is better to come to friendly terms with those who are down below than with those who are at the top. As far as I am concerned, I am prepared to mobolise tne services of Members of this House who are experts in banking, but I would tell them that they have to serve on the country's terms and not on their own terms. Their patriotism today is on trial. I am prepared to accept the assistance of those people who are now leading personnel in the banking industry. That is why we have great hopes about the successful prosecution of the nationalisation scheme in regard to banks. We are told all the time that we have not got the personnel. The State cannot command the services of the right kind of people. We are told this by the same group of gentlemen who parade all the time their patriotic desire of promoting the interests of the country and that same set of gentlemen are at the head of the banking industry. We can tell them that they have to give an examination in regard to patriotism and if we want to take over the banks they have to work on the banks on the terms that the country lays down and not on the terms they choose for themselves. That is why I suggest the Minister bears in mind the fact that he has to mobilise the co-operation of those who are working in the banks from day to day with no other interest than that of earning their keep, and not those who talk of serving the country but really serve their own interests. He has to be very careful. The resignations of the officials at the top of the State Bank of India are a very significant pointer of which, I am sure, the Government will take serious note in regard to the direction of the Reserve Bank of India. Also, steps should be taken which, as I have said before, are in conformity with the interests of the country.

In regard to nationalisation—this is my last point, Sir,—I would say that I cannot ask the Government to have nationalisation straightaway, but I can certainly ask the Government to control the banks in a greater measure quantitatively and qualitatively than it does today. Reference has been made to the monopoly concerns in this country. We know about the Tata Bank, the Birla Bank and so on and

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so forth. The Government should control those banks straightaway in a much more close and intimate fashion than it is done today. Here and now you can set a target date, not specifically, so to speak, but you can say that it is only a matter of time before the banks are going to be nationalised. You can say the Government has made up its mind about nationalisation. Do not repeat what you did in the case of the life insurance people, for example. You sprang a surprise on many of our friends in the House. Tell them here and now that we have this policy of nationalisation of banks, because without the kind of control which nationalisation alone can bring we cannot direct the economy in the manner which the Plan requires. Tell them it is a matter of timing. Tell them also that their patriotism, which they have advertised so often in this House and outside, is on trial and when the Government adopts those ways and means which are necessary for the successful prosecution of the Plan, their co-operation will be mobilised and if they do not cooperate they shall do so at their peril.

Shri A. M. Thomas: Sir, I will finish in one minute. I must express the gratitude of the House to the hon. Minister for the very healthy attitude that he has adopted in the matter of the deletion of the clause with regard to the Local Boards. It is good that he has, to use his own words, "bowed down to the unanimous desire of the House".

Shri H. N. Mukerjee, when he spoke, referred to the very important position that is occupied by the Reserve Bank of India. When I went through the provisions of this Bill I was reminded of the report that has been made by the committee which was appointed by the Government of India as early as 1913. Although the Reserve Bank came into existence only in 1935, you will notice, Sir, that the distinguished economist Mr. Keynes, as early as 1913, has indicated the role that a bank of this kind would play in the economy of this country. This recommendation has been made by Mr. Keynes in a separate note as an annexure to the main report. With regard to the quality of that report of Mr. Keynes this was what was stated by Dr. Marshall at that time:

> "I dipped here and there (into the report), then read the conclusions, and finally turned negligently to the annexe. But that held me. I have been entranced by it as a prodigy of constructive thinking. Verily, we old people will have to hang ourselves, if young people can cut their way so straight and with such apparent ease through such difficulties."

2 P.M.

The dream of Keynes is being realised gradually by the expansion of the functions and the authority that this House vests in the Reserve Bank. In this connection I only want to impress on the Government the necessity of bringing other measures also to bring the dream of Keynes true and fulfil his ambition with regard to the role of the central banking institution in India. I mentioned when I spoke on the clauses the necessity of empowering the Reserve Bank to adopt some sort of uniformity in the matter of deposit rates. I also emphasised the necessity of having some insurance for the depositors of the various banks which may fail. I have only one word more to add. The hon. Minister while speaking on the discussion on clause 10 said that as far as the minimum ratio is concerned which the Reserve Bank fixes, it will apply to all the scheduled banks. I was at first under the impression that a distinction can be made between bank and bank. But now I am told by the hon. Minister that with regard to a particular minimum percentage, it will be uniformly applied to all banks. In that case I want to submit that that particular percentage must be as low as possible, so that it may be within the financial competence of each and every scheduled bank. You may exercise your discretion in the matter of fixing the ratios with regard to additional deposits, but when you fix the minimum, I would again and again emphasise the necessity of fixing it as low as possible; otherwise, the smaller banks will suffer.

Shri A. C. Guha: I am thankful to the House, particularly to those Members who spoke on this Bill, for the general support to the provisions of this Bill. I may take it that the passing of this Bill will be the seal of approval of this House on the financial policy that would naturally follow in the course of the implementation of the Second Five Year Plan and the deficit financing involved therein. So, this Bill is of very great importance from the point of view of the future development of the country.

Shri Mukerjee and Shri Thomas have mentioned many points in the course of the discussion on the Third Reading. I think most of them would not be quite relevant to the purpose of this Bill; but since, Sir, you have allowed them to be mentioned, I shall try to reply to the points in as brief a manner as possible. Shri Mukerjee referred to the rise in prices during the last few months; he also made a reference to some of my utterances in Calcutta. In his own words, he might be enunciating some anxiety or intention on my part of somehow extricating myself from my public statement in Calcutta. I may, however, tell him that he need not have any such lurking suspicion in his mind. I stand by what I said there publicly. But he might have just a misconception about what I said.

My point was that in so far as the rise in prices was due to the hoarding and that hoarding being helped by bank advances, to that extent Government must surely take action and the Reserve Bank also has been taking action. I think he himself has admitted that the Reserve Bank has taken some action and the prices, even if they have not fallen appreciably, have at least been kept more or less at the same point. I think in Bengal the prices of some of the essential commodities have gone down somewhat. I do not say they have gone down appreciably; at least, the rise has been checked.

Shri M. S. Gurupadaswamy (Mysore): It has been stabilised at a higher point!

Shri A. C. Guha: Higher point than what?

Shri N. B. Chowdhury: Beyond the purchasing power of the people.

Shri A. C. Guha: Which section the people?

Shri N. B. Chowdhury: Vast majority of the people.

Shri A. C. Guha: I am presently coming to that.

Shri Mukerjee also referred to the disparity in the prices of agricultural and industrial goods and removal of income between the two sectors. There comes the real crux of the matter. If you want to remove the disparity in the income between the agricultural sector and the industrial sector, the rural sector and the urban sector, you must be ready to pay a higher price for the agricultural commodities. Unless the country as a whole is ready to make that sacrifice, it will be very difficult to remove the disparities between the income in the agricultural sector and the industrial sector, or broadly between the rural sector and the urban sector. In this connection it should not be forgotten that about 80 per cent. of our people live in the rural sector and they are mostly dependent on agricultural income. So, it would be suicidal for any nation to ignore that 80 per cent. of the people. It should, at any rate, be realised that the increase in the national income during the last few years, or at least a considerable portion of it, has gone to the rural sector, including the agricultural sector. It is not so much now a case of distress

[Shri A. C. Guha]

sale of agricultural commodities as in previous years. Now, at least a section of the agriculturists have got the holding power. They can hold on to their stocks and try to get better prices.

Shri A. K. Gopalan (Cannanore): The agriculturist does not get; it is the middleman who gets it.

Shri A. C. Guha: I think the position has changed considerably during the last few years. Only a week ago the Deputy Minister of Food, Shri Krishnappa and the West Bengal Minister went round the rural areas of West Bengal and they found considerable stocks of food-grains lying with the agriculturists; of course, some also with the traders.

Shri K. K. Basu (Diamond Harbour): Do not refer to the Bengal Minister; he had a bad show in the Assembly.

Shri A. C. Guha: I do not think so.

Shri A. K. Gopalan: I do not know of the position in Bengal; but in the other parts of the country, while the agriculturist gets 12 annas, it is sold in the bazaar for 15 annas.

Shri A. C. Guha: I have never claimed that the position is ideal, or that there is no scope for improvement. What I stated was that things have changed considerably during the last few years, even at the lowest bottom of the agricultural sector. They have changed considerably. Anyhow that is a long term measure and I think the disparity between the two sectors will disappear gradually.

I could not understand what Shri Mukerjee meant by suggesting an increase in our gold reserve and also the smuggling of gold. Anyhow that is not very much relevant to the Bill. He also referred to the resignation of the Chairman and the Managing Director of the State Bank. He said that these higher-ups in the banking structure must be told that they must serve on the terms of the country. I think they have been told that. The terms have been given to them. Why they have resigned I do not know. Surely the Government thought that under the present circumstances they would be the fittest persons to discharge the obligations placed on the Bank, and Government would have been glad if they had continued in their office. But somehow they have decided to tender their resignations and not to serve the Bank. The resignations may in due course be accepted. The resignation of the Managing Director has to be accepted by the Central Board; the Central Government has nothing to do in the matter. The resignation has been submitted to the Central Board and not to the Central Government. Nationalisation of the bank is an old topic. In particular this question has came up earlier and there was a debate on these matters, and I have also stated the Government policy thereon.

Shri A. M. Thomas has again raised the question that the variable reserve ratio may be hard for the smaller banks. I have given him the assurance which he has been asking for, namely, that the Reserve Bank will see that the ratio which may be fixed may be bearable for all the scheduled banks. It will see that the rate may not prove too much a burden for the smaller banks, and the bigger banks may be in a position to bear that burden. So, that will be the attitude of the Reserve Bank. That is why there is a provision in clause 10 (a)(1A). In certain circumstances the Reserve Bank would be entitled to ask for an additional special reserve. That would be calculated on the increased deposit of the banks during a particular period and that will not affect the smaller banks. That will affect mostly the bigger banks which may have greater deposits during a particular period.

I hope that the Bill will now be passed by the House. I am thankful to the Members for their suggestions and I take it that this House gives its seal of approval for the financial and monetary policy implied in the Second Five Year Plan.

Mr. Speaker: The question is:

> "That the Bill, as amended, be passed."

The motion was adopted.

INDUSTRIAL DISPUTES (AMENDMENT AND MISCELLANEOUS PROVISIONS) BILL

The Minister of Labour (Shri Khandubhai Desai): I beg to move*:

> "That the Bill further to amend the Industrial Disputes Act, 1947, and the Industrial Employment (Standing Orders) Act, 1946, and to repeal the Industrial Disputes (Appellate Tribunal) Act, 1950, be taken into consideration."

I do not want to go into the long history of the Bill. As the House is aware, the Industrial Disputes Act, 1947, was passed about nine years back. It has been worked during the last so many years and in the course of its working, certain shortcomings and defects were found and the Government wanted to rectify them. During the last two or three years, in the time of my predecessor, Shri V. V. Giri, various conferences were held and this Bill is the result of those conferences. I may not be able to say that it has got more or less the unanimous consent of all, but I can say without hesitation that this Bill is more or less based on the consensus of opinion prevailing among those who are interested in this law.

The House is aware that there has been a consistent demand by labour that the Labour Appellate Tribunal should be abolished. The Appellate Tribunal was introduced in the country in 1950 with a view to bring about uniformity and also co-ordination of judgment from time to time. It has no doubt, as far as that particular aspect is concerned, served a good purpose. The judges of the Appellate Tribunal have certainly taken the matter into their best consideration and have tried to bring about uniformity and co-ordination in certain judgments which were given by the tribunals. As against this merit of the Appellate Tribunal, certain defects were found and they were: justice was being delayed to particularly in matters which relate to industrial sphere. In the industrial sphere, any justice that is delayed will more or less disturb and dislocate the industrial production. The discontent and dissatisfaction were such that it became necessary to see that the justice that is made available to the workers should be made quick and expeditious. With that end in view, the decision was taken by the Government to abolish the Appellate Tribunal. When we are taking steps to abolish the Appellate Tribunal, we have also taken this opportunity to amend certain other relevant sections of the existing law so as to make the industrial disputes settled in an amicable and smoother way.

The main features of the Bill, as the House is aware, are four or five in number. In dealing with the provisions of the Bill, I may first invite the attention of the House to the abolition of the Labour Appellate Tribunal. As this House is aware, the Appellate Tribunal was established in 1950. Though the principle of the Appellate Tribunal was good in itself, as I have already said, there were delays in the dispensation of justice. When we abolish the Appellate Tribunal, we have come to the conclusion that it should be substituted by a system which, while it has got the status and stature of a good judiciary, should see that whatever disputes are referred to it are expeditiously decided. By the alternative

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*Moved with the recommendation of the President.

[Shri Khandubhai Desai]

machinery which we are now setting up, we are ensuring that the decisions of the original tribunal, which will no longer be liable to appeal to a higher tribunal, are well-considered and sound. With a view to achieving this end, the proposal now is to introduce a three-tier system of one-man tribunals. At the bottom of the tier will be the Labour Court which will generally deal with comparatively minor matters, for example, those relating to the interpretation or application of the standing orders or minor disputes which the Government might refer to it for adjudication. Next in order will be the Industrial Tribunal at the State level which will deal with disputes of greater importance. At the top will be the National Tribunal which will deal with major disputes of national importance as also disputes which establishments situated in more than one State are likely to be interested in or affected by. We have been able to see that the presiding officer of the Labour Court will be a person with at least seven years of judicial experience or a member of the State Labour Court who should have put in about five years' experience. The Industrial Tribunal will be presided over by a sitting or a retired high court judge or a person who has held the office of member of a tribunal or Labour Appellate Tribunal for at least two years. As regards the National Tribunal, a sitting or a retired high court judge, or a member of a Labour Appellate Tribunal who has held that office for a period of not less than two years shall also be eligible to be appointed to preside over it. Both the Industrial Tribunal and the National Tribunal will be assisted wherever necessary by assessors appointed by Government to represent the parties. This will be in addition to experts whom the tribunals and the Labour Courts will be competent to appoint as assessors. It is hoped that this system will avoid the risk of unsound judgments and ensure the speedy decisions, and avoid ill-considered towards. While amending this law, the Government desires and the Government is anxious that the mutual settlements by arbitration or collective agreement are the main prop of industrial peace. Therefore, we have come to the conclusion that mutual settlements, either by agreement or, in the case of a long-term dispute by arbitration, should be given legal sanction.

In matters of industrial relations, Government places great emphasis on settlement of disputes, as I said, by mutual negotiations. The experience of the last eight years has shown that compulsory adjudication has not been an unmixed blessing and that if large-scale industrial strife has been avoided, a measure of tension and alofness has developed between employers and workers. Formal litigation, unlike negotiation and conciliation, invariably produces adverse psychological reaction on the parties. Settlement of disputes by adjudication thus leaves in its wake a certain amount of bitterness which, in the long run, is injurious to the maintenance of proper relations between managements and workers. Where mutual negotiations have failed to bring about a settlement, we would prefer that the parties themselves agree to voluntary arbitration. When two parties, who are generally well disposed towards each other, wish to co-operate in the common cause but cannot agree on certain matters, there is nothing more reasonable and more fruitful of results than to agree to abide by the decisions of an arbitrator. With a view to encouraging settlements by mutual negotiations and conciliations and failing that, voluntary arbitration, the Bill seeks to make bipartite settlements legally binding on the parties just like settlements reached in conciliation and also provides for the necessary machinery for voluntary arbitration on a written agreement between the parties.

While settlement of disputes by mutual negotiation between parties with or without the assistance of Government conciliation officers or by arbitrators is to be welcomed and encouraged, Government cannot discard altogether the method of compulsory adjudication by tribunals. For the second Five Year Plan, it is vital that industrial peace is maintained as any dislocation of production will be suicidal so far as the larger objective of raising the standard of living of the workers is concerned. It is, therefore, necessary that, when production or the fulfilment of the plan is likely to be threatened, statutory provisions should exist for compulsory adjudication of the questions which might lead to dislocation or disturbance of production.

Another important matter to which I may draw attention relates to the provisions of section 33 of the Industrial Disputes Act, 1947. This section prohibits an employer from changing the conditions of service or terminate the services of any workman or punish him in any way, during the pendency of proceedings before a Conciliation Officer, Board of Conciliation or Tribunal, save with the express permission in writing of the Conciliation Officer, Board or Tribunal, as the case may be. This has been found in practice to operate to the detriment of the maintenance of proper discipline and efficiency in the undertaking. In every case of discharge or dismissal or punishment, the employer has to seek the prior permission of the Conciliation Officer, Board or Tribunal, as the case may be. The number of such applications seeking permission went on increasing and even cases of ordinary dismissal or suspension according to the standing orders had to be taken to a Tribunal and the Tribunals were very much burdened with such cases. This is one of the reasons why there is delay in adjudicating at present. It has also been found in actual practice that this has not resulted in giving any protection to the worker, because the employers go to the court only after taking action against the worker. So, the protection given has been more or less of a theoretical nature. We have, therefore, evolved a scheme whereby the victimisation of the employees can be prevented. When a particular dispute is before a Tribunal for conciliation, it should be confined to a certain number of officers, say, five, whose names will be mentioned beforehand to the Tribunal. These five persons cannot be dismissed unless the prior permission of the Tribunal is taken. As far as other people are concerned, their services can be dispensed with under the standing orders, but after this, they have to go to the Tribunal for their approval. That is what we have provided. While safeguarding the interests of the workers, it also safeguards the interests and the smooth running of the industries. Moreover, we have made one other change, namely, that a change notice has to be given. This matter has also now become more or less an industrial matter. If some injustice has been done to a worker, if there is any victimisation, the question can be referred to the law court and there will have to be an expeditious decision on the matter. That is the new change which we have made in this Bill.

The next change which we are proposing in this Bill is about the definition of the term "workman". It has been the subject of persistent complaint that the existing definition of the term "workman" is not comprehensive enough inasmuch as it excludes from its scope technical and supervisory personnel who can by no means be identified with the management and who require as much protection as the skilled or unskilled or clerical or manual labour. Government feel that there is much substance in this complaint. It is proposed, therefore, to widen the definition of the term "workman" so as to cover supervisory personnel whose emoluments do not exceed Rs. 500 a month, and whose functions are not mainly of a managerial nature, as also technical personnel.

Now I come to an important innovation in this Bill. It has been brought to our notice that off and on

[Shri Khandubhai Desai]

the employers or the management make certain surreptitious changes, which do not come to the notice of the union or the workers. So, we have introduced in this Bill a provision for giving notice of change more or less on the lines of the provision which has been in the Bombay Industrial Disputes Act and which has worked very well for the last 15 years. That is one of the reasons why there is more or less industrial peace in the State of Bombay. There has been a persistent demand, particularly from workers' organisations, that notice of any change in what is loosely called the *status quo* should always be given. It is primarily the employer who is in a position to make any, except in rare cases. There is substance behind this demand of the workers. The notice-of-change procedure will ensure prior consultation between the parties and will thus eliminate causes of friction in the future. It is an eminently desirable practice. It is, however, necessary to define precisely the matters in respect of which notice should be given and such matters should relate only to those not connected with standing orders. The Bill accordingly provides for notice of change and also lists the matters in respect of which such notice is necessary. I may mention, Sir, that there will be practical difficulties in complying with these provisions in regard to Government employees who are governed by common departmental rules such as the Fundamental and Supplementary Rules, Civil Services Regulations, Railway Establishment Code etc. Government does not make any surreptitious changes. If there are any changes to be made in the relations of the employer with the Government, full consultation takes place between the parties concerned. Therefore, there is no need for including the Government employees who are governed by Fundamental Rules etc., so far as notice of change is concerned. Provision has, therefore, been made exempting Government employees from these provisions and the appropriate Government is also being empowered to grant exemptions in respect of any class of industrial establishments or any class of workmen, if circumstances justify such exemptions.

Finally, the Bill proposes certain essential amendments to the Industrial Employment (Standing Orders) Act, 1946. Under the Act as it stands, when an employer submits the draft standing orders, all that the certifying officer has to see is that provision has been made therein for every matter set out in the schedule, which is applicable to the industrial establishment and that the standing orders are otherwise in conformity with the provisions of the Act. The Act specifically says that it shall not be a function of the certifying officer or the appellate authority to adjudicate upon the fairness or reasonableness of the draft standing orders. This was more or less against the interest of the working class, because the employer has to submit the standing order and the appellate authority or the certifying officer was not empowered to look into the merits of the standing order. The employees were also not in a position to get these standing orders changed, if they worked to their detriment. Accordingly, the Bill empowers the certifying officer and the appellate authority to take into account the fairness or reasonableness of the standing orders before certifying them. Again, under the present law only the employer can take steps to modify the existing standing orders. A similar right is being conferred on the workers as well. Provision has also been made for the resolution of differences in the interpretation or application of the standing orders by labour courts at the instance of either of the parties without the intervention of the Government. That is, for interpretation or application of Standing orders, if there is any grievance on either side, they can directly approach the Labour courts. The provisions included in this Bill were discussed with the representatives of important organisations of labour and employers and the State Governments.

Mr. Speaker: How long will the Minister continue?

Shri Khandubhai Desai: Three or four minutes.

Mr. Speaker: Yes. I will extend the time for Private Members' business.

Shri Khandubhai Desai: In conclusion, I would like to appeal to the employers and workers to accept these provisions and work them in the spirit in which they are sponsored. During the period of the Second Five Year Plan, it is necessary, I should say, the duty of all concerned, to give a great impetus to production. The creation of additional wealth and its equitable distribution, which are the objectives of our society, place a great responsibility on all sections. The employer has to be content with a fair return, fair not by his own standards, but by the standards laid down by the community. As for the workers, they must give more than they get so that there is steady augmentation of the wealth of the society as a whole. It is up to the employers and workers to create an atmosphere of co-operation and cordiality and take a firm resolve to settle all their differences by mutual negotiation, conciliation or voluntary arbitration and only in the last resort by adjudication, and never to resort to stoppage of work. Indeed, I would go so far as to say that there should be no place for stoppage of work in our present economy. There can be no dispute which cannot be settled by mutual negotiation, voluntary arbitration or in the last resort, adjudication. All that Government can do is to make available to the parties the good offices of the Government Conciliation Officers in settling the disputes and ultimately the services of Arbitrators and Adjudicators, wherever necessary. I would therefore, appeal with all earnestness to the sense of patriotism of workers and employers and exhort them, with all the emphasis at my command, to totally eschew dislocation to production in the interests of the community and the country as a whole and settle their differences on the basis of mutual understanding and trust. I hope that both the employers and workers will find the provisions acceptable in their essentials.

Before I conclude, I would like to say that this Bill has been placed before this House after full consultation for the last two or three years. I cannot say that this is the last word. But that is the extent to which we have been able to go taking into consideration the conditions in the country. If, after the passing of the Bill, it is found that any further amendment is necessary, Government will have no hesitation in bringing those amendments. Because, the purpose of Industrial Disputes Act is not to create disputes, but to avoid disputes and settle disputes and create a healthy psychology in the country so that the management and workers who are more or less co-trustees of the whole community may be able to give their best towards production in the country and not in mutual wrangling.

I commend this Bill to the House.

Mr. Speaker: Motion moved:

> "That the Bill further to amend the Industrial Disputes Act, 1947, and the Industrial Employment (Standing Orders) Act, 1946, and to repeal the Industrial Disputes (Appellate Tribunal) Act, 1950, be taken into consideration."

This will stand over. Private Members' Resolutions will be taken up now.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

FIFTY-FIFTH REPORT

Sardar Hukam Singh (Kapurthala-Bhatinda): I beg to move:

> "That this House agrees with the Fifty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 18th July, 1956."

Shri R. D. Misra (Bulandshahr Distt.): Sir, I have to rise on a point of order....

Mr. Speaker: To this report?

Shri R. D. Misra: To the motion moved by Sardar Hukam Singh. In this report I have seen that the Resolution of Shri H. V. Kamath has been included and put in the agenda. It cannot be put. Because, all Resolutions pending....

Mr. Speaker: May I say this for the consideration of the hon. Member? This only deals with the allocation of time. When I come to Shri H. V. Kamath's Resolution, if the hon. Member has any objection, he can raise.

Shri R. D. Misra: Time has been allotted.

Mr. Speaker: Merely because time has been allotted, if a Bill or Resolution cannot go on and there is some difficulty, it can be raised. Allotment of time does not carry us anywhere.

The question is:

> "That this House agrees with the Fifty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 18th July, 1956."

The motion was adopted.

RESOLUTION *RE* ENQUIRY INTO WORKING OF INCOME TAX DEPARTMENT

Mr. Speaker: Now, the House will continue further discussion of the following Resolution moved by Shri H. V. Kamath on the 25th May, 1956:

> "This House recommends that a Committee consisting of seven members, not less than four of whom should be members of Parliament, be constituted to enquire into and report within six months about the working of the Income Tax Department, with recommendations to improve the efficiency in the administration of the department leading to quick assessment and better results in revenue collections."

Shri D. C. Sharma was in possession of the House. What has the hon. Member got to say?

Shri R. D. Misra (Bulandshahr Distt.): My objection is that, as the Resolution was pending in the last session, it cannot be taken in this session, because the Resolution lapses with the prorogation of the House. The House was prorogued on the 2nd of June. The Resolution lapses on the prorogation of the House. Under sub-clause (3) of article 107 of the Constitution, only Bills have been saved from lapsing. The article says:

> "(3) A Bill pending in Parliament shall not lapse by reason of the prorogation of the Houses."

Nothing has been said about Resolutions. Only Bills can be taken up because it has been specially provided in our Constitution. At the same time, we have to see what the effect of prorogation is. On page 105 of *Introduction to the Procedure of the House of Commons* by Campion, it is said:

> "The effect of a prorogation is to pass a sponge over the Parliamentary slate. All proceedings which have not been completed—as, *e.g.* all Bills which have failed to

> obtain the Royal Assent (although they may have passed the House of Commons itself)—lapse."

The Resolution lapses. Under the Constitutions of Australia, Canada, Ceylon, etc., where parliamentary procedure is followed, all these things lapse. The term 'prorogation' used must be taken to be used in the meaning in which it is used in England and other countries following parliamentary procedure. My objection is that this Resolution cannot be taken for discussion now in this House because it has lapsed. You may be pleased kindly to give a ruling on this point. It is out of order.

Sardar Hukam Singh (Kapurthala-Bhatinda): Our business in this House is regulated by the rules that we have framed. These rules provide that a Resolution would not lapse.

Shri Feroze Gandhi: (Pratapgarh Distt.—West *cum* Rae Bareli Distt.—East): Can the rules of the House override the provisions of the Constitution?

Sardar Hukam Singh: I am coming to that. I am referring to rule 319 which says:

> "A motion, resolution or an amendment, which has been moved and is pending in the House, shall not lapse by reason only of the prorogation of the session."

We are bound by these rules and we have been conducting the business according to them. A question can be raised here that this rule is *ultra vires* of the Constitution. Perhaps that is what is meant by the objection of the hon. Member. It is not a question which you have to decide offhand simply by hearing arguments on both sides which may be expressed here. The rules are framed by reference to the Rules Committee. They are approved by the House and then they form part of the Rules of Procedure. If any Member has got any objection to any one of these rules, even if it be *ultra vires* or otherwise of a particular provision, a motion can be brought here for amending or deletion of the rule. That shall have to be referred to the Rules Committee. And after the Rules Committee have made a report on it, it shall have to come before the House for approval. That is the only procedure how we can amend or modify the rules.

That motion cannot be made here simply by an objection raised by a particular Member saying that this rule is *ultra vires*, and that is not to be decided offhand by you. So, I would request that we may continue according to the rules of procedure that we have got in this respect: Rule 319 is very clear on this point. If the hon. Member is so advised, he can move for the amendment or deletion of this rule. He could give a motion, and then you would have to refer it to the Rules Committee, and after the report of the Rules Committee is received, the House may approve or reject that modification.

Shri R. D. Misra: May I make one submission? I have quoted an article of the Constitution, while Sardar Hukam Singh has quoted a rule. You have to find out whether we are to be governed by the Constitution or by the rules which are subordinate to the Constitution, and which is the authority superior in this. As far as I could see, the Constitution is superior to all other rules and laws, whether they have been made by the House or by any committee or by the Speaker or anybody else. Under the Constitution, we have taken an oath of allegiance to the Constitution....

Mr. Speaker: The hon. Member has urged that point already. Has he got any other new point? If he has not got any other point, I shall call upon Shri Kamath.

An objection has been raised on the ground that this is opposed to the Constitution. Sardar Hukam Singh has said that it is in conformity with the rules. If hon. Members want to say anything on this, I shall allow them to do so. First, I shall call the Mover of the resolution.

Shri Kamath (Hoshangabad): I would only like to say that while I do not question the legal and constitutional wisdom of my hon. friends here, I had somehow intuitively apprehended that some such objections might be raised in the House today. So, on the 1st of July or the 30th of June, I had sent a letter to the Lok Sabha Secretariat giving fresh notice of the resolution. Though it was not necessary, I know, under the rules, yet somehow or other I got that intuitive apprehension that some objection might be raised because Parliament had been prorogued, and therefore, I had given fresh notice in time for the ballot. I do not know whether that has been ballotted or not; it is not my fault if it has not been ballotted, but I had given notice of a fresh ballot. From Bombay I had sent a letter.

Several Hon. Members *rose*—

Mr. Speaker: Has the hon. Member, Shri Kamath, anything more to say? He has given fresh notice of the resolution.

Shri Kamath: On the 30th of June or 1st of July, I had posted a letter from Bombay. I do not know whether the resolution has been ballotted or not.

Shri N. C. Chatterjee (Hooghly): As Sardar Hukam Singh has pointed out, our rule is clear in this respect. It reads:

> "A motion, resolution or an amendment, which has been moved and is pending in the House, shall not lapse by reason only of the prorogation of the session.".

Now, the question is whether this rule is repugnant to the Constitution, which says in article 107 (3) that:

> "A Bill pending in Parliament shall not lapse by reason of the prorogation of the Houses.".

I submit that rule 319 is not necessarily repugnant to the Constitution. Article 107 (3) simply says that a Bill pending in Parliament shall not lapse.

Mr. Speaker: It does not say about other matters; then, the procedure of Parliament shall govern us.

Shri N. C. Chatterjee: You would see that there is nothing in the Constitution to show that other matttrs shall lapse. It is not said in that language in the Constitution.

Mr. Speaker: Article 107 does not say what happens to other matters. It refers only to Bills. It makes an exception in favour of Bills. So far as the other matters are concerned, where the procedure is not provided for in the Constitution, it shall be according to that laid down in the House of Commons. The hon. Member read Campion and he said that everything shall lapse. But the Constitution-makers in our country laid down that the Bill will not lapse. They made a specific provision in this respect, making a departure from the parliamentary practice in the House of Commons. In other matters, the rest of the practice in the House of Commons prevails. What is the explanation for this?

Shri N. C. Chatterjee: Here, they are making it perfectly clear that a Bill pending in Parliament shall not lapse.

Mr. Speaker: Therefore, every other thing is governed by the practice in the House of Commons.

Shri N. C. Chatterjee: Can there not be the other interpretation that motions and other things shall lapse at the discretion of Parliament? Otherwise, they would have made it perfectly clear, when they applied their mind to these provisions, as to what would be the effect of prorogation. If the intention was to wipe out everything —as the extreme view taken in the House of Commons is, namely that everything is wiped out—they would have said so; and in fact, even a Select Committee cannot sit during the inter-session periods.

As a matter of fact, this point was raised by one member, but, of course, we were discussing it unofficially.

You know the Joint Committee on the States Reorganisation Bill and the Constitution (Ninth Amendment) Bill was summond to meet during this inter-session, and we sat from day to day from the 2nd of this month until we reported back the other day. The question was raised whether that was also illegal.

Mr. Speaker: That relates to a Bill.

Shri N. C. Chatterjee: What I am pointing out is that if you take that reading, then even our report shall be *ultra vires*, technically speaking.

Mr. Speaker: The hon. Member need not be under the impression that I have come to any conclusions on this matter. As he would argue any particular case, he might tell me that these are all the objections that can possibly be raised. Under article 107, particularly, an exception is made in the case of a Bill pending in Parliament. If a Bill has been referred to a committee, then is it not also to be considered or held as pending in Parliament? A committee of Parliament is a wing of the House. Therefore, does it not come under the exception created in clause 3 of article 107?

Shri N. C. Chatterjee: The only thing I would submit for your consideration is that there are no express words which absolutely say that a motion or resolution or amendment shall automatically cease and be treated as wiped out, and must not be be taken into account, unless it is reintroduced formally.

When the article says that a Bill pending in Parliament shall not lapse, I submit that there may be another interpretation also possible namely that regarding other matters, it is left to the discretion of Parliament, because if it was the intention that every other matter shall be completely obliterated from the parliamentary proceedings and can be revived only after formally being reintroduced again, then suitable words ought to have been put in. Otherwise, in the absence of any such express provision, Parliament, which is a sovereign authority has got the residuary powers. In the exercise of that residuary power, when there is no express injunction in the Constitution, rule 319, I submit, is not absolutely out of order.

Shri S. S. More: (Sholapur): Unfortunately, our Constitution does not definitely lay down what the effect of prorogation will be. As far as the English constitution or the English law is concerned, there are definite provisions which describe the effect of prorogation, and these affects are very far-sweeping. Not only Bills which have not been passed, but Bills which have not received the assent of the Crown, before the House was prorogued, are supposed to have lapsed; and it is much more so in the case of resolutions and other motions.

As far as we are concerned, in article 105 (3), it has been provided that in other respects, the powers, privileges and immunities of each House of Parliament shall be those of the House of Commons, unless they are defined, and a distinct departure is made from the rules prevailing in the House of Commons, by a law of this House. As far as this House is concerned, we have not passed any law defining our own powers, privileges and immunities, that is to say, either those of the House or of the Members of committees or of Members individually.

In the absence of any such law, passed by this House, article 105 (3) comes into operation. And we have to see whether the Constitution by itself lays down any departure from the rules or other privileges that are accepted in the House of Commons.

As I was coming into the House, I heard Sardar Hukam Singh referring to rule 319. My submission is that if we read article 105 (3) and article 107(3), which makes an exception in the case of Bills, together, this parti-

[Shri S. S. More]

cular rule, namely rule 319—it may be a part of the rule—cannot be valid but is repugnant to the Constitution. It is for you, Sir, to decide whether it is so repugnant or not.

Then my submission is that these rules cannot by any stretch of imagination be said to be a law passed by Parliament, because law means an Act which we have passed, just as we have passed Acts for granting or defining salaries to the different officers of Parliament or the Ministers or Members. In the absence of such an Act which will override article 107(3), my submission is that the effect of prorogation, as it obtains in the House of Commons, must also have its own course in this House in this country. If we accept that proposition, then the repugnancy of this particular rule becomes very much evident.

My submission is that though the Resolution is tabled by Shri Kamath who belongs to this side of the House, we are fighting here for the purity of our rules, for the correct applicability of our rules. Therefore, the effect of the prorogation has the effect of killing the Resolution, and once the Resolution has been killed by law, nobody can inject life into it. That being so, according to the operation of the law itself, according to the operation of the Constitution itself, this Resolution has lapsed because the House came to be prorogued subsequently and the effect of prorogation has been to nullify or to remove, so to say, from the register of pending business all resolutions. And this is not a recommendatory suggestion by the Constitution; it is mandatory and obligatory. The only exception is in the case of Bills. What is its effect, what are its implications, Bills at what stage can be said to be protected by this, whether Select Committees sitting during the inter-session period are sitting validly or not are questions which are irrelevant to the present point.

Therefore, I would say that article 105 read with article 107(3) which makes the intention of the legislature clear, makes the position clear that the effects which follow prorogation in the House of Commons will also inexorably follow here, and the Resolution cannot survive and must be deemed to have been knocked out of the register of our resolutions.

Pandit Thakur Das Bhargava: (Gurgaon): Sir, attention has been called to article 107 which says that a Bill pending in Parliament shall not lapse by reason of the prorogation of the Houses. We are not dealing here with Bills at this stage. We are only dealing with a Resolution. This article 107(3) does not speak of resolutions at all. That is my first submission. So far as this goes, this does not say that a Resolution shall certainly lapse.

When we were referred to rule 319 by the Deputy-Speaker, rule 319 says that a Resolution shall not lapse by reason of the prorogation of the House, we have to decide whether by implication article 107(3), which says that a Bill pending in Parliament shall not lapse, can be interpreted to mean that impliedly all other things shall lapse. But we have got a certain rule made by this House, adopted by this House, that is rule 319.

Shri S. S. More: It is not adopted.

Pandit Thakur Das Bhargava: It is a rule of the House now. If there is any objection that the rules were not made by Parliament nor assented to by the President, this objection is of a general nature. So far as this particular rule is concerned, I take it that it is sacrosanct and binding on this House. In this connection, I would refer you to article 118(1). According to me, article 105 has got no application whatever here. That article deals with powers, privileges etc., of the Houses of Parliament. This has got nothing to do with the subject-matter of our discussion.

Shri S. S. More: Why? 'Powers' is there.

Pandit Thakur Das Bhargava: My hon. friend says that article 105 relates to this. My submission is that it does not relate to this matter at all.

Shri S. S. More: It is a question of power of the House.

Pandit Thakur Das Bhargava: What does article 105 deal with? The heading is 'Powers, privileges etc. of the Houses of Parliament..', whereas article 118 deals with legislative procedure. So it has got nothing to do with article 105. This is not a question of powers etc. Article 118(1) says:

> "Each House of Parliament may make rules for regulating, subject to the provisions of the Constitution, its procedure and the conduct of its business".

Now, this is a specific clause dealing with rules that regulate the business of this House. If that is so, my submission is that, the question of conflict can arise only when these rules are repugnant to, or against, the Constitution itself. Otherwise, this power of the House is very secure, very ample, and very plenary —I should say—because the words are:

> "Each House of Parliament may make rules for regulating, subject to the provisions of the Constitution.."

If your construction is that 'subject to the provisions of the Constitution' means in regard to article 107 that we cannot say that a Resolution shall not lapse, if that is not within our powers, I can understand the objection being good. But I should think that if that were so, article 118 would have made it quite clear or article 107 would have made it quite clear. Now, merely by a statement in article 107 that a Bill shall not lapse, we cannot jump to the conclusion that all other things shall lapse, because it is not specifically said so there. Here such a conclusion cannot be drawn by implication, especially when we have article 118 in which the powers of the House in respect of legislative procedure are defined.

Shri Gadgil (Poona Central): What is the implication when a special provision has been made?

Pandit Thakur Das Bhargava: I do not know that implication. The framers of the Constitution could equally have said that just like Bills not lapsing, other things will not lapse or will lapse. In the absence of any specific positive enactment, I should think that we cannot read into it what is not there. Rule 319 is not against the Constitution and there is no conflict.

Therefore, article 118 gives us the power to make rules governing our procedure, and I should think it is not against the implications of article 107(3) and, in my humble opinion, rule 319 is good unless and until it is changed by this House and therefore resolution did not lapse and can be discussed today.

Shri Venkataraman (Tanjore): The rules which are now before the House have been validly adopted under article 118(2) of the Constitution.

Shri V. G. Deshpande (Guna): Have we adopted those rules?

Shri Venkataraman: Clause (2) of article 118 says: that the rules of procedure applicable to this House before the Constitution with such adaptations and modifications as may be made by the Speaker shall be the rules of procedure. Therefore, the rules of procedure which we have before us are properly framed, duly constituted rules of procedure. Such a rule of procedure is not inconsistent with article 107(3), unless it were to say that a Bill shall lapse. On the other hand, there is nothing said about resolutions in that article. So it is open to the legislature or its body to frame a provision in which they can say that it shall lapse or shall not

[Shri Venkataraman]:

lapse. Parliament in its discretion, in its wisdom, thought that a Resolution also should not lapse. The question is, is that inconsistent with the Constitution? If, as I said in the beginning, we had made a rule that a Bill shall lapse, it would be contrary to article 107(3), it would be outside our powers. But where there is no such provision with regard to a Resolution and where we have validly adopted and validly constituted rules of the House which provide that a Resolution shall not lapse, I submit it is not against the Constitution and it shall not lapse.

Shri C. R. Narasimhan (Krishnagiri): With your permission, I may supplement what my hon. friend, Shri Venkataraman, said by saying that the constitutional provision which is quoted as barring our discussion of this Resolution here is only illustrative in the matter, and not exhaustive.

3 P.M.

Shri Gadgil: I am really anxious to understand what the position exactly is. Now, some lawyers to my right have enunciated a certain interpretation. Another lawyer from my left has enunciated another principle. For a layman like me a little more light is necessary, (*An Hon. Member*: Also a lawyer) when I find that the objection raised is not confined to the subject which is immediately relevant and feel that this objection may be raised when other important Bills which were considered in certain stages after the prorogation of the House. It is, therefore, necessary that the House should have the benefit of the views of the Law Minister or, at any rate, the Attorney-General, which will make the position abundantly clear. Not that I mean that you are not competent to give a ruling on this; you undoubtedly are and it is your right and privilege, but I suggest this in order to enable you to come to a very right decision. It is sure to have much wider implications than I understand today. I would most respectfully request you to withhold your ruling and give it after hearing the Law Minister as well as/or the Attorney-General.

Mr. Speaker: I shall now hear a Minister.

The Minister of Defence Organisation (Shri Tyagi): I am afraid I cannot add to the wisdom of the lawyers any more now.

Shri V. P. Nayar (Chirayinkil): I think Shri Misra has unnecessarily complicated the issue. He seems to think, that because of a provision in article 107(3) of the Constitution that a Bill pending in Parliament shall not lapse by reason of the prorogation of the House, we have necessarily to take recourse to what is obtaining by way of procedure in the House of Commons in matters other than Bills. He quoted Sir Gilbert Campion. I may submit that in view of the definite provision contained in article 118(1), it is absolutely unnecessary to have recourse to what is obtaining in the House of Commons.

The question whether the rules which we have today are the rules framed under that article or not is a different question. But, for all practical purposes these rules prevail and these rules have been framed in such a way that there can be no argument that they are inconsistent with any of the provisions of the Constitution. Therefore, I submit, there is no case for following the procedure of the House of Commons.

Just because article 107(3) has laid down that a Bill shall not lapse by reason the House being prorogued, it does not follow or lead us to the inference that all other items of business—resolutions or anything else—can be barred. If such an inference could be drawn then Shri Misra's point may have some force. There is no exclusion of such matters. The Constitution-makers have definitely laid down that when a Bill is the subject-matter, this shall be the procedure. The makers of our Rules of Procedure have laid down that a resolution shall not lapse if it is part-heard. In so far as they are not inconsistent with any of the provisions of the Constitution, the Rules of Procedure shall be certainly binding. If my hon. friend can point out how the continuance of this resolution after the session was prorogued becomes inconsistent with any of the provisions of the Constitution, then, there is a case worth considering. In so far as he has not succeeded in doing so, I submit there is no necessity for resorting to the precedent obtaining in U.K. The provisions of the article being clear and the rule being very specific about resolutions, I submit that we must continue to discuss it and brush aside the frivolous objection.

Shri Ramachandra Reddi (Nellore): The Constitution has laid down the procedure with regard to Bills and other matters. It has also definitely laid down in article 118, a provision enabling the House to make rules. This House is generally guided by the articles of the Constitution, as well as the procedure laid down by the Speaker in recent months—the rules framed by the Rules Committee and approved by the House. Rule 319, as has been pointed out by the hon. Deputy-Speaker, is definite about the matter. Further, the procedure in the House is guided not only by the Rules but also by the conventions that are set up in this House. (*Interruption.*) The conventions have been very clear. In previous years, if I remember right, such resolutions have been allowed to come even after prorogation as part-heard ones and as such there is nothing to prevent this House from proceeding with this resolution which has already been discussed partly. Any constitutional difficulties or doubts should be set right by the Rules of Procedure as well as the conventions that have been adopted by this House.

Mr. Speaker: Regarding Shri Kamath's part-heard resolution which was moved in the last session of Parliament, which session was prorogued after it was adjourned *sine die*, an objection has been raised that along with the prorogation this resolution also—along with others lapses. Article 107 of the Constitution is referred to. Article 107(3) of the Constitution refers specifically to a Bill pending in Parliament. It states that a Bill pending in Parliament shall not lapse by reason of the prorogation of the Houses. From this it is sought to be inferred that this resolution and other notices will lapse. A provision has been made only with respect to the Bill and, therefore, the others must lapse. But, it does not specifically say so. With respect to that the House of Commons practice is referred to, evidently under article 105(3).

> "In other respects, the powers, privileges and immunities of each House of Parliament, and of the members and the committees of each House, shall be such as may from time to time be defined by Parliament by law, and, until so defined, shall be those of the House of Commons of the Parliament of the United Kingdom and of its members and committees, at the commencement of this Constitution."

Reference has, therefore, been made under sub-clause (3) of article 105 to the practice and procedure in the House of Commons, because no specific provision is made in the Constitution and article 107(3) applies only to Bills. *Campion* has also been referred to.

Shri R. D. Misra: *May's Parliamentary Practice* was also referred to.

Mr. Speaker: *Campion* and *May's Parliamentary Practice* have been referred to for the purpose of showing that in Great Britain, in the House of Commons, as soon as a session is prorogued, all the pending notices lapse including notices of Bills, even though they might have been part-heard and so on. That has been referred to for the purpose of showing that in this case where no provision has been made regarding resolutions that practice ought to be followed and, therefore, the resolution lapses.

[Mr. Speaker]

As against this, it has been pointed out that in article 118 provision is made for each House, subject to the provisions of the Constitution, to make rules. Rule 319, which has been referred to, makes a provision for the continuation of those resolutions which had been already moved. That rule says that a motion or resolution which has been once moved and pending before the House shall continue. The resolution is sought to be maintained as one in order under rule 319. But objection is taken to rule 319 on the ground that the rules must be consistent with the articles of the Constitution, "Each House of Parliament may make rules for regulating, subject to the provisions of this Constitution, its procedure and the conduct of its business". Whatever force there might be there, sub-clause (2) of article 118 has also to be read along with that. The practice embodied in this rule 319, I understand, has continued to be guiding the destiny of this House and also the destinies of the previous Central Legislatures since 1921. Clause (2) of article 118 says—

> "Until rules are made under clause (1), the rules of procedure and standing orders in force immediately before the commencement of this Constitution with respect to the Legislature of the Dominion of India shall have effect in relation to Parliament subject to such modifications and adaptations as may be made therein by the Chairman of the Council of States or the Speaker of the House of the People, as the case may be."

Clauses (1) and (2) seem to be independent of each other. Clause (1) says that when new rules have to be framed, they have to be framed subject to the laws of the Constitution. But the Constitution itself says, under clause (2) of this article, that in the absence of any new rules or until new rules have been framed, these rules will continue in operation. Therefore, this seems to be appropriate. The practice embodied in this rule has been there since 1921. Therefore, no new modification has come into existence, and the question does not arise as to whether it is consistent with the Constitution or not.

In this connection, article 105, which has been relied upon, may also be referred to. I think that article 118 is absolutely independent of article 105. Definite provision has been made in article 118 regarding the procedure for the Houses of Parliament—rules and regulations relating to the procedure and conduct of business, mentioned in clauses (1) and (2) are complete. Wherever new rules have not been framed, the old rules including the practices will continue. Thus, the general provisions in article 105 stating that in other respects the procedure of Parliament will apply, will not apply, to the rules of procedure. It starts with the freedom of speech of a Member and says that no Member of Parliament shall be liable to any proceedings in any court. "In other respects" will apply only where specific provision has not been made but in this case clause (2) of article 118 covers the matter. That also does not appear to help the hon. Member who has raised this objection.

Under those circumstances it is not necessary to decide the general principle at present, as was rightly pointed out by Shri Gadgil. It is enough for me to come to the conclusion that this motion is not out of order and that it has not lapsed. Further, Shri Kamath says that he gave notice, and if it has not been accepted or ballotted, it is not so much his fault as a reading by the office as to what is necessary and what is not necessary. The office found that under rule 319 this motion is quite in order. If this is a matter which should certainly be pursued later on, there is also provision for it here. If any hon. Member is not satisfied with any particular rule on any ground—whether it is not clear, whether it is opposed to the Constitution as laid down or any other ground—the matter may be brought up before the Rules Committee. Therefore, it is enough if I restrict my ruling to this particular issue that has been raised as to whether the motion of Shri Kamath, which is part-heard, has lapsed or not. It has not lapsed.

Shri Kamath: Before the House proceeds to debate, I invite your attention to the fact that the Resolution has been allotted a further period of 2 hours 36 minutes. Will you kindly refer to the report presented by the Deputy-Speaker. I hope the time will be reckoned from now.

Mr. Speaker: You mean without the time taken on the raising of this objection? The objection has been over-ruled and at least that should be given five minutes: (*Interruption*). What I would say is that whenever a resolution is taken, whatever time is allotted is meant also for all objections relating to the particular matter. Therefore, if the House wants to allot some more time, I have no objection. Anyhow this will also stand over and overflow as spill-over, to the next day.

Since Shri D. C. Sharma is not here. I now call upon Shri N. C. Chatterjee.

Shri N. C. Chatterjee: I am very happy that Shri Kamath's motion has not been killed and your ruling keeps it alive.

Mr. Speaker: It has not died.

Shri N. C Chatterjee: As a matter of fact, I take it that all Members of this House are actuated by one objective, namely, to rationalise our system of tax administration, but the only difficulty is that the objective cannot be achieved unless we improved the efficiency of the machinery of enforcement.

3-16 P.M.

[MR. DEPUTY-SPEAKER *in the Chair*]

There can be no greater indication of the need for improving the efficiency of the tax system than the appointment of the Income-tax Investigation Commission. As you know, that Commission has now been struck down by the Supreme Court judgment, but the late Chief Justice of India, Shri Varadachariar, was appointed Chairman of the Commission; and Mr. Justice Rajadhyaksha and Shri Mazumdar along with Justice Varadachariar had submitted the report of the Commission. Though they have done something and the Department is trying to do something, I am afraid still the administration is not up to the mark. At page 157 of their report, they say—

> "The Income-tax Officer and the system of which he is the product are held, in these replies, responsible for driving the tax-payer first to non-cooperation, then to hostility and thirdly to evasion. Incivility, incompetence, extortion and lethargy are some of the accusations made against the Income-tax Officers......"

Shri Tyagi: It is an old report.

Shri N. C. Chatterjee: Shri Tyagi reminds me that it is an old report. It was submitted in 1950.

Shri Kamath: He was not a Minister then.

Shri N. C. Chatterjee: We acted under this report and we tried to do something. He has left the Ministry of Revenue to defend India, but he needs not defend the shortcomings of this Department even now. Justice Varadachariar and others have pointed out—

> "Even after making due allowance for exaggeration of language, it is evident from the replies that a strong feeling of distrust and discontent exists in the public mind against the administration of Income-tax in this country."

I am sorry to say that what this Investigation Commission said in the year 1949 or 1950, to a large extent is true today, and everybody who has got something to do with the administration of Income-tax knows that there is a strong feeling of distrust and discontent in the public mind. I am hoping that something shall be done

[Shri N. C. Chatterjee]

by this Parliament to remove this feeling of distrust. Possibly you have seen the great book on income-tax by one of the recognised masters of this subject, Sir Jamshedji Kanga, and in his foreword he says—

> "Sir Leo Money told the Royal Commission on Income-tax that his taxation was the best expenditure he made and he got more satisfaction from it than from any other expenditure laid down by him."

I am hoping that Indian citizens will one day take the same point of view. He goes on—

> "But a widespread taste for taxes promises to be a thing of slow growth. The State is very intangible to the average man. The necessity for a separate statute like the Taxation on Income (Investigation Commission) Act, 1947, is a sufficient indictment of the defectiveness of the machinery of this Act for checking and checkmating tax evasion."

Therefore, we are all interested in seeing that the machinery is made more efficient, and we want that the machinery should be overhauled and geared up. I make one submission for the consideration of the hon. Minister and that is this. The honest tax-payer in India feels that he will continue to be penalised by being taxed at a higher rate than the rate at which he should be taxed because other people are not sharing the national burden as they should. There was a reference to the book written by Mr. Nandi. The other day an hon. Member pointed out that I was responsible for writing the introduction. The Finance Minister said the book came from a crankish brain. Possibly the hon. Finance Minister is in Bombay or Maharashtra. (*An Hon. Member*: Poona). Anyhow, he is not here and he is there in Samyuktha Maharashtra. (*Interruptions.*) When Galileo discovered something, he was called a crank. Similarly it was the same case with Copernicus. It was so with many great men. This man Mr. Nandi is not so great but we should put on record our appreciation of the efforts of one of the officers of this department who had the courage and wisdom to put in black and white the blackspots which ought to be removed. I know that there are personal reflections which ought not to have been there; I have said so in my foreword. I think this Book will make people think and take action. It is not so much because I wrote the foreword that I say these things; I find capable financiers and financial journals have said that there is an avowed anxiety on the part of the author to improve the calibre of officers. That is the main object which inspired this author and he wanted the Government to get more revenue than what it gets today. The author has gone into the details and he has given us facts which show an objective approach. I hope the hon. Finance Minister will give due thought and attention to some of the observations he has made.

Apart from this author, I may remind my friend Shri Tyagi that there is a report in my hand called the Report of the Taxation Enquiry Commission. It submitted its report in 1954. To a large extent it also confirms the findings of Shri Varadachariar and Justice Rajadhyaksha and their colleague. I do not know what is the real estimate of the leakage of revenue in India. Prof. Kaldor has said that it is a very large amount—300 to 400 crores of rupees. I think the hon. Finance Minister contradicted that and said that it is a fantastic figure. I think he gave the figure about forty crores or something like that. Dr. John Mathai was the Finance Minister of India and later on he was the Chairman of the Taxation Enquiry Commission. In Volume II of its report, the Commission says on page 189 in the chapter entitled 'Evasion and Avoidance':

> "It is not possible to estimate accurately the extent of the leak-

> age of revenue in the past. It is observed from statistics in connection with the 'Disclosure Drive' that income as originally included in the income-tax department by assessees who made disclosures was grossly understated, the difference between the income as originally returned and that disclosed later to the department being, on the average as much as 600 per cent."

With great respect to the Finance Minister, I should say that his estimate is a very gross underestimate.

There are some countries in Europe which take special delight in tax evasion. In France they say that if you pay the tax really due from you, you will be looked down upon by businessmen. The look upon tax-dodgers as successful businessmen. Again in Italy they say that only a dozen persons—it may be even less—submit their returns and the income-tax department which makes people pay in spite of no returns.

We are all trying to rationalise the system. With great respect to Dr. Mathai and his colleagues, I should say that even that Commission did not do full justice to this task. I have gone through the chapters very carefully. I must admit that they have not ignored realities of the situation but they have not made concrete suggestions to improve the working of the department. There is a very large volume of arrears leading to great loss of revenue. Year after year there are irrecoverable demands which means great loss of revenue. Something should be done so as to have a speedy assessment and a speedy realisation. For years and years nothing is done. I do not know why it should be so. For five or six years the firms are submitting their returns but the assessments are not completed. This procrastination in assessment must be avoided.

The Income-Tax Investigation Commission in paragraph 410 of its report had made a very pertinent remark. It says that the department has never been able to reach that resilience which can absorb shocks and adjust itself to new demands. Therefore, the department has got to be put on a better footing. We all know the Colwyn Committee was appointed in England. It came to the conclusion that, although there were tax evasions, the administrative set-up there was almost perfect. I wish we could say that here. We must admit that our system and set-up is not only not perfect but requires to be greatly improved. It will not do any good to indulge in a reckless language of denunciation and criticism of the entire department. The department has a very difficult task. It has to deal with people who specialise in tax evasion.

I am not thinking of avoidance. In law, avoidance and evasion are two different things. I remember the judgment of Lord Simonds who said that there is apt to be confusion between the two. It is important that we should realise that avoidance and evasion are two different things. Lord Simonds said—I am reading from the judgment reported in 31, Tax Cases, 141:

> "It was urged that the construction that I favour leaves an easy loophole through which the evasive taxpayer may find escape. That may be so; but I will repeat what has been said before. It is not the function of a court of law to give to words a strained and unnatural meaning because only thus will a taxing section apply to a transaction which, had the Legislature thought of it, would have been covered by appropriate words."

Judges after judges have said that it is perfectly proper for a citizen to arrange his business affairs in such a way as to lighten the tax burden; there is nothing wrong in that; that is only avoidance.

What I am thinking of is evasion and the department has got to tackle the people who resort to various devices. Some devices are given in this report. One device is to have

[Shri N. C. Chatterjee]

fraudulent changes in the account books. That is the most difficult thing to unravel. Maintenance of multiple sets of account books, opening of accounts under assumed names and thereby diverting the profit to different names, entering into contracts in the names of dummies or figure heads and lastly keeping transactions out of account books are the various devices. Therefore, the income-tax department has a very difficult task. It is a colossal task. We must remember that. We must also remember that for years together we have brought in this country a spirit which went against the Government.

We had been fighting the British Government and the greatest man in India, Mahatma Gandhi, was saying that the Government is a Satanic government, we should non-co-operate and that we should try to oust it by non-co-operation. Businessmen—I do not know how many of them paid to the Congress at that time—took that opportunity of saying that we should not pay the full taxes to the Government which is keeping us in bondage and thus replenish that power in order to rivet the fetters which were holding us in slavery But today India is independent. We have a national Government. It may be that there may be so many drawbacks on the part of the Treasury Benches and it may be that we want to remove them. But whoever may be on the Treasury Benches, they are entitled to see that the willing allegiance of the people is there, that the private sector and the business community respond and pay their dues under the law. There is one observation which this gentleman, Shri N. Nandi, has made in this book which is also very important. He has made this observation under the heading "Taxation policy operating more harshly against those paying tax" which I would ask this Parliament to consider very seriously. He says from his experience:

> "Heavy rates of taxation always degrade ethical standards. Unfair and harsh tax laws act against the cause of revenue. They cause resentment and conflict. The present tendency to evade tax, and the lack of goodwill and ready co-operation on the part of the public are largely due to high taxation rates, which are operating more harshly against those who are paying the tax than would have been the case were it for the laxity on the part of the administration which is largely responsible for not properly bringing under assessment lots of tax-evaders, and thus for preventing distribution of the burden of taxation evenly on all concerned."

Sir, the other day I was talking to a British business magnate, who is one of the biggest in my part of India. In Calcutta he is the *bara sahib* of one of the biggest British firms and they had dumped millions and millions of pounds into this country. They were thinking of expansion especially in the mineral field, which would have done great service to Bengal and also Bihar. But now he said that they were thinking of winding up or at least curtailing their venture. I asked him why they were doing so. He said: "Your tax system. Taxation is so high that it is impossible to continue in this country". I told him about the British rates. They are still very heavy. Though not heavier than ours they are also taking something corresponding to 14 annas or 14 annas six pies in the rupee. But he said that there the State provides many things which they do not get here—especially free medicine, free education, old age relief, insurance and so on which are there in a welfare State. Even, Sir, you know, when the Socialist Party came into power in England, they did not add to the tax burden but tried to give relief.

Now, what I want this Parliamentary Committee to realise, if it commends itself to the acceptance of this House, and I hope the hon. Minister will respond to our request, is this, that the time has come when we should see how to rationalise our policy, our system of taxation; not to take a very limited perspective of things but try to find out in an independent India what should be done to help the people and to bring about a proper attitude of public relations. I am pleading for that. I am pleading for the establishment of an atmosphere of co-operation, which is essential for the purpose of getting an efficient administration of tax collection. This over-centralisation ought to be ended. There is a multi-graded hierarchical character of administration, but that leads more or less to routine administration and that does not really solve the problem. I know that certain steps have been taken, but I maintain they are still ineffective and our Income-tax Department in India is today ill-equipped in the matter of really trained staff to cope with the gigantic work and that cuts at the root of the sound structure of taxation and tax collection. It results in inequitable burden being spread on honest tax-payers.

First of all, you must have administrative measures whereby you must have external survey and you must have internal survey. We must know the extent of the evasion. We must also know about the liaison with other departments. We have been amending section 34 and other sections giving powers,—almost horrible powers which no other Parliament would possibly give—executive powers, powers of search, seizure and others, and that ultimately would be ineffective unless the public co-operate, unless you can make the business world really come in unison with the department in the national interest. I am therefore hoping that, in order to have a successful implementation of our objective without which there cannot be any successful working of the Five Year Plan, we shall be able, in co-operation with the department, in co-operation with the Minister and in co-operation with the taxation experts, through this Parliamentary Committee to devise some system which will improve the machinery and at the same time establish the right spirit, the right relationship, between the assesees, the citizens taxed and between the revenue authorities which would be good for all concerned.

Shri Ramachandra Reddi: I support wholeheartedly the resolution moved by my hon. friend Shri Kamath. The idea underlying this resolution is not so much to irritate the Government or the administration that is in charge of income-tax, but to focus the attention of this House as well as the Government on the important question of income-tax assessment and collection. It is more or less to give an opportunity both to the Government and to the hon. Members to understand to what extent the administrative machinery has been functioning correctly and smoothly, whether it has got the wherewithal for a proper administration of the same, including the intelligence of the staff, the conscience of the staff and the honesty of the staff.

We have been told that large amounts of tax are being evaded. Varied estimates have been made of it. The hon. Finance Minister some time back told us that there is an evasion to the extent of Rs. 40 crores. An English expert seems to have told the public and the Government that the evasion comes to nearly Rs. 200 crores to Rs. 300 crores per year. Whether both are wrong or both are right , there seems to be a scope, a large scope for investigating into the matter much more correctly and finding out to what extent evasion is going on and to what extent evasion can be prevented. I think recently—I have not seen the report—the Central Board of Revenue, while disagreeing with the estimate of Prof. Kaldor, have given a very high figure from their own assumption of the tax evasion in this country. They seem to have said it to be nearly Rs. 160 crores to Rs. 170 crores per annum. If it is Rs. 40 crores, as mentioned by the hon. Finance Minister, it comes to nearly 10 per cent. of the total income of our country. If it is Rs. 200 crores, as pointed out by Dr. Kaldor, it comes to nearly 50 per cent. of our

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total income. Even if the figure given by the Central Board of Revenue is taken, it will come to nearly 40 per cent. of our total revenue. That is a high percentage of amount which is denied to the Government by way of evasion and it does not go to prove the efficiency of the administration of the department.

To begin with, the main instrument of administration is the Income-tax Manual. I am told—subject to correction I may mention—that the Income-tax Manual, which was originally produced in the year 1921 or 1922, has not been brought up-to-date until 1954-55.

Shri V. P. Nayar: Not up to 1933.

Shri N. C. Chatterjee: 1933 is the latest.

Shri Ramachandra Reddi: I was told by somebody that it has been brought up-to-date in the year 1954 partly and partly in 1955. Even if it is so, the department has taken nearly 32 to 33 years to bring the Income-tax Manual up-to-date and it does no credit to any department which is responsible for the administration of the finances of this country. That shows the slowness and the lethargy with which the Department seems to have been working.

As regards the establishment that is required for the Income-tax Department, the Government themselves, in their reply to the question on the floor of the House—No. 961 dated 19th December, 1955—agreed that there is inadequacy of staff. They say:

"It is a fact that the present number of I.T. Officers is less than the required number. 248 posts of I.T. Officers are vacant. 250 additional posts have recently been sanctioned. The exact requirements of the Income-tax Department are being examined by a Reorganisation Unit which has been set up in accordance with the recommendations of the Taxation Enquiry Commission. The vacancies are filled up by promoting well-equipped and experienced inspectors. The Reorganisation Unit, under Shri Indrajit Singh, is now expected to report by about 30th June, 1956."

I would like to ask the Government whether this report has reached their hands and whether it has been examined by the Government. The report, according to them, must have reached them by the end of last month.

In reply to another question,—No. 870 dated 18th August, 1955, the Government have said:

"The matter of appointment of a small advisory committee of non-officials attached to each Commissioner of Income-tax to discuss matters of general policy relating to administration is still under the active consideration of the Government."

I do not know to what extent some of these ideas that have been occupying the minds of the Government have been able to see the light of day, and whether the Government have progressed sufficiently well in the matter of implementing some of these ideas.

The Taxation Enquiry Commission, in chapter XIII of their report, have made certain recommendations which I would like to refer to. In recommendation No. 169, they have said something about the clearance of heavy arrears. In recommendation No. 171 they have said something about the suggestion that the dual control should be removed. In recommendation No. 174 they have dealt with the public relations aspect. In recommendation No. 178, they have referred to the appointment of special revenue officials exclusively for the I.T. Department's collection work and in recommendation No. 190, they have suggested that the strength of officers should be raised as soon as possible to the number required, and so on and so forth. I do not want to weary the House by repeating all the recommendations that have been made by the Taxation Enquiry Commission in this regard. But I would only ask the Government whether any or all of these recommendations have been thought about by the Government and to what extent they have been able to implement them and to what extent they have been able to successfully work out the recommendations as well as the results thereof. I should think that there is something wrong with the fundamental training of the officers themselves. I have no intimate knowledge of the training conditions; but I am told that sufficient training is not given to the officers, that they are allowed to have even three to four chances for passing examinations, that examinations are merely nominal and that the question papers that are set are useful only for attaining the standards of the upper division clerks. In several cases the Income-tax Officers do not even know how to read the accounts and probably most of them are not expected to be accountants. I should think that it is a very healthy reform that these officers should have an intimate knowledge of the accounts and of accountants, because, in the method and manner of accounting, so many details can be hidden and if they are properly detected, so many details can be brought to light. So, it behoves the Government to think about the following suggestions that I would like to make in regard to the training of the officers. More or less in the same way as the I.A.S. officers are trained in the administration, I think the Income-tax Officers must have a regular course of training in several activities of the Income-tax Department. They might be given periodical clerical work and some of them might be appointed as under-studies of experienced Income-tax Officers.

Further, I do not know whether most of the Income-tax Officers have intimate knowledge of the working conditions of the bullion market or of trade conditions. In my own experience, I have seen that certain officers have begun assessing the assessees even without knowing what exactly the nature and the conduct of certain businesses are. They would do well to visit and acquaint themselves with the bullion markets and other industrial concerns, share markets, etc. and also study the market fluctuations. Perhaps some visits incognito to some of these markets would be able to reveal to them some of the intricate questions that are arising there. Everybody knows that most of the firms maintain double sets of accounts. To what extent these double sets of accounts are being studied by the Income-tax Officers and to what extent they have got the capacity of studying them and understanding them and also coming to certain conclusions is not known. There are very interesting proceedings in the courts of law regarding income-tax cases. The officers must be deputed to go and study some of those cases and to watch some of those proceedings so that they might know something about income-tax law also. In that way, they would also have opportunities of training themselves for the examination of witnesses. An active and intensive study of typical industries and cost accounting, etc., would also be very useful to them.

Having said this, I would only mention that there should be sufficient co-ordination between the Income-tax Department and the other departments of the Central Government, in the matter of industry or trade. There does not seem to be that amount of co-ordination that is required to give the Income-tax Department all opportunities of knowing what is happening actually in the commercial departments. I would just quote an instance for the use of the Government. This instance comes from Bihar. An American firm started with a capital of Rs. 20,000 the export of mica. The firm's name is Asherville Schoon-maker Mica Co., Inc., of New York. It started with a nominal capital of Rs. 20,000 and it seems to have made a business of Rs. 20,56,000 worth of total export of mica during the period from June, 1952 to February, 1953. In the same year, they

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have lost to the value of Rs. 27,000. That means, the capital must have been wiped out by the losses. In 1953-54, they seem to have made a total export to the value of Rs. 39,00,000 and the losses came to Rs. 1,83,000. In 1954-55, they made a total export to the value of Rs. 34 lakhs and the losses came to Rs. 3,10,000—all on a capital of Rs. 20,000!

Shri V. P. Nayar: No profit even for a change!

Shri Ramachandra Reddi: So, this company is undoubtedly a bogus company run in the name of some Indians who are the stooges. The result is that in every way the country is a looser. The company shows deflated values of mica exports and it sells the commodity in America probably at a higher rate. The ultimate result is that there is unnecessary and unhappy competition between the local exporter and such companies, and the Government loses in several ways, namely, in sales tax, export duty and also through income-tax. Such firms are usually given licences for export. Whether it is the Central Government or the Provincial Government, if the department of commerce is a little bit vigilant in such respects, they would be able to find out the proper man to whom a licence can be given and refuse the licence to such people who are not found to be honest and proper. The same company seems to have in subsequent years started another company in another name, doing the same business. Evidently this is going on unnoticed by the Income-tax Department. I have given only one instance; probably there are many such instances in the country. I would only request the Government to see that every other department, especially the commerce department, gives the income-tax department sufficient opportunities of knowing what exactly are the activities in which the commerce department is indulging. To that extent, they will be helpful to the income-tax department in coming to right conclusions in the matter of assessment.

There is always a tendency for the officers, especially those at the district level, to take up very small cases and begin to scrutinise them to the extent of making it appear that they are harassing them. In fact such harassment only leads to concealment and usually they leave out the big fish, because it is not possible to find out the big fish so easily. I would suggest that greater attention should be paid by the department, at whatever level it might be, to the method of assessing and finding out the bigger men who are trying to evade assessment. They should concentrate their attention to a larger extent upon the bigger men, so that their accounts may be prevented from escaping the attention of the Government. I would only suggest that with a proper organisation of the department and with greater concentration of attention on bigger assessees, they will be able to find out whether it is possible to secure more money for the Government and whether it is possible to ignore small sums. Attention has been drawn to one particular aspect—I am speaking subject to correction. I am told, and I hope the Government will correct me if I am wrong, that in the case of the hon. Ministers at the Centre as well as big officers of the Government who are deputed on delegation or otherwise to other countries, their salaries and allowances are drawn outside India and such salaries and allowances are exempted from income-tax. I am not sure of the position but if it is correct, if there is any truth in it, I would like to ask the Government whether evasion starts with the Government itself.

Shri Tyagi: It is legal.

Shri N. C. Chatterjee: If the hon. Minister says it is legal, the fact is admitted.

Shri Tyagi: When once they are outside India, their pay—it may be one month's pay or two months' pay—is not liable to income-tax here.

Shri Ramachandra Reddi: I would be happy if I am told that what I stated is incorrect. Anyhow, I have placed before the House the information that I have received and it is for the Government to correct me. There are several methods of manupulating the accounts and rules; to what extent manipulation is resorted to, I am not able to say at this stage.

Shri Tyagi: When one goes and draws his pay outside, he has to live outside.

Shri N. C. Chatterjee: If he is an Indian Minister, his salary accrues in India, even though it may be drawn outside India. Therefore, the place of accrual determines the taxability of the income under the Income-tax Act.

Shri Ramachandra Reddi: I do not want to take more time of the House. I have said a few points in favour of the resolution and I am sure that other hon. Members are also anxious to speak on it. I would only request the Government to accept the resolution either in this form or in any other form and to see that proper arrangements are made for an enquiry into the cases of delay and evasion. They should find out effective methods for preventing evasion in this country.

Shri V. P. Nayar: I am supporting the resolution moved by Mr. Kamath I am also happy that the Minister incharge is assisted by the expert on income-tax affairs, Mr. Tyagi.

The affairs of the income-tax department, as they are today, require a very deep probe and I do not think Government will dispute that. You will remember Sir, that when we were discussing the Finance Bill this year, I suggested that possibly the income which we could legitimately derive from income-tax, if we were able to cover a substantial percentage of the tax earners, would be about Rs. 200 to Rs. 300 crores. At that time Prof. Kaldor's report had not come and we based our calculations on national income and certain other factors. I remember that the Finance Minister told us that it was an exaggeration and according to the computations of the Government, the figure would not be more than Rs. 40 crores. I am amused to find that, although it is not more than a few weeks, the Central Board of Revenue, which is the machinery responsible for the collection of income-tax, has estimated the amount of evasion between Rs. 160 and Rs. 175 crores. I find this in the introduction of the Board of Revenue to the report of Prof. Kaldor. What we want to know is not whether it is Rs. 40 crores or Rs. 200 crores; it may be anything. In this context, when we are embarking on a second Five Year Plan and when for meeting the expenditure on the plan, the Finance Minister thinks that he has to indulge in deficit financing to the extent of Rs. 1200 crores and yet go to foreign countries with a begger's bowl. why should we not tap the internal resources? You will be surprised to know that in India income earners form only a very microscopic minority compared to other countries. I found from Prof. Kaldor's report that in United Kingdom, which has a much smaller population than we have, about 13 million people pay income-tax and that figure represents about 60 or 70 per cent. of the income earners of the country, while we in India, with a population of 372 million, have a tax-paying population of less than half a million. I do not say that it is because of one factor alone.

In India evasion of income-tax is the result of two major factors. One is the very peculiar ingenuity of the tax-evader in India and the other factor which subscribes to this position is the callous negligence or the absolute inefficiency of the department which administers income-tax. I cannot find words to express the magnitude of the blunders which they have been committing. Mr. Tyagi has a smile on his face; he had introduced a drive at disclosure sometime ago and I think that he left that Ministry dejected, disappointed and defeated.

4 P.M.

The points which he wanted to attack still remain. An attack on all fronts was called for and is called for

[Shri V. P. Nayar]

Government have not thought of doing it. You know, Sir, better than I do that when a machinery gets out of order, a casual overhaul will do no good. The trouble with the Income-tax machinery is that it requires a complete and a very thorough overhaul. In an automobile which has not been working for quite a long time, if you attend to the carburettor or decarbonise the engine, it would not run. In the case of the Income-tax department, there are basic defects, there are fundamental defects If the Government are keen to collect more money through a proper administration, I submit that the basis, or as in the automobile, the engine and every part of it, has to be overhauled. Is the Government prepared to do it?

During the discussion of every Finance Bill, every session, we get this amendment or that amendment to the Income-tax law. What is the result? The result is that today, when we require thousands of crore of rupees for the next Five Year Plan, when all that money can be collected here by the Government officials, we are not able to collect more than Rs. 30 or 40 crores. Any Government which has to admit this, I submit in all humility, must hang their head in shame. What is the position? We are indulging in deficit financing and yet going to foreign countries with a begger's bowl, realising very well that here in India. tax evaders withhold from the Government annually an amount not less than Rs. 160 or 175 crores, according to the admission of the Central Board of Revenue. I may not attach very much importance to the estimate made by Prof. Kaldor. May be he was wrong; or may be, he did not have all the statistics. Here, the Government themselves have admitted.

What is the resolution of Shri Kamath? How can anybody possibly hope to object to that resolution, unless a person is bent upon doing a very foolish Act? This is absolutely non-controversial. Where is the controversy? Can the Government or Shri M. C. Shah or Shri Tyagi say that we do not want to collect income-tax from the tax evaders who have money to give? Can they say that a Parliamentary Commission, endowed as this House is, with several brilliant Members, cannot go into details? All that the resolution wants is that a Committee consisting of certain Members of Parliament should be appointed to go into the defects in the administration of Income-tax law with a view to find out how we can have a better coverage of the tax. The object of the Committee is,—I think Shri Kamath also thinks that way—only to find out what are the ills, what changes have to be made and what new revisions have to be made for achieving our object. It will only be a list of the reforms or new procedure which the department will have to introduce. Even granting that that is controversial, what is the position? We are on an all out drive to finance the Second Five Year Plan. These two factors by themselves must lend support to the resolution.

I also want to refer to Prof Kaldor's report. It has not been possible for the House to go into its details. I also do not want to convert this into a debate on that report. But, there are certain striking features which the report has revealed and over which we cannot sit idle. The Central Board of Revenue is also alive to this. If the Government say that they are not alive to this huge or colossal tax evasion, I can understand that. Government themselves admit this in the note. How did Prof. Kaldor come here? He did not come of his own accord. He was invited because Government thought: Here is an expert who is capable of probing into the question and suggesting remedies. Prof. Kaldor came on the invitation of the Government. He enquired into several points. Government have published the report. Government have chosen only to dispute one point. They say that all the other points are being studied. The one point which they have chosen to dispute is the assessment of the possible amount of tax evasion. It is interesting to note that in the last para of the report, the Central Board of Revenue only want to say that Prof Kaldor's estimate of Rs. 200 or Rs. 300 crores may not be true. It is said:

> "While less alarming than the results found by Prof. Kaldor those figures do not invite complacency..
>
> Though no complacency need be invited it is inherent.
>
> ....and the task of roping in the new incomes created by the 5 year plans will tend to increase the complexity of the problem."

It is precisely because of the complexity of the problem that Shri Kamath wants a Committee to be set up to go into the details.

There is another aspect. I do not want—I have got the Income-tax Investigation Commission's reports, several of them—to go into the diversity in the *modus operandi* of the very big sharks who have found it possibe to avoid or evade income-tax for decades. I do not want to go into them. But, certain passages in Prof. Kaldor's report are entitled to our particular attention. These are on page 124. I know very well that the hon. Minister Shri M. C. Shah has read it. I only want to drive them home as Shri Kamath prompts me. It is said:

> "Everyone is agreed that apart from manipulations of various kinds which are broadly classed under the term "tax avoidance", there is considerable amount of evasion in India due to fraudulent concealment of income secured through false entries in the account-books......"

I ask a very simple question. Is it not shameful for the Government to have these observations made by a foreign expert? Prof. Kaldor continues:

> "It is fairly generally agreed also that such practices have become more widespread since the last war."

It is a corrupt problem. Even today, there can be no dispute that tax evasion is on the increase.

> "The important question—he adds—is how much income is concealed in this manner in relation to the income which is assessed to tax."

I am only pointing out that these observations by themselves must have made the Government open their eyes, —long closed eyes—and must make them realise, here is a question into which a very important and powerful Commission should probe. He has also said that the administration of the department is absolutely inefficient. I was not desirous of speaking on this Resolution. I was prompted to do so by publication. I am sorry, Shri Tyagi is not here, because I find a very good economium has been paid to Shri Tyagi for his drive for disclosure. With your permission, Sir, I may read a sentence from a book which has been sent to most of the Ministers. We also have received copies of this book because we happen to be Members of Parliament. The book is by Mr. N. Nandi. The title is: Ills that bests the Income-tax department. I do not say that all the facts are couched in a language which any one of us would have chosen. But, it contains a set of facts which Government must either contradict or verify. From this book I find that in no Income-tax office can you find the Income-tax Manual made up to date. I have worked in Government offices. I know, even though it is not an Income-tax office that office procedure cannot be followed unless there is a Manual. If you are in the Secretariat, you must have the Secretariat Manual. If you are in the Accountant General's office, you must have the Account Code. Without that it is impossible to work. When we know that it has not been possible for the Government to give as much training to the officers as would have been necessary, is it not something funny that even today, the Income-tax officers have to rest content with the publication of the Manual dated as far back as 1933? I wonder whether Shri

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M. C. Shah who is listening to the debate himself has a copy of the Manual. If he has got, I would be grateful to him if he could let me have a copy.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): What book?

Shri V. P. Nayar: Income-tax Manual brought up-to-date. Any publication of the Manual after 1933.

Shri M. C. Shah: It is there: 1956. If you want a copy, you must pay for it and get one.

Shri V. P. Nayar: Most of the officers do not still have it. It is definitely alleged in this book written by a person who was 30 years in service

Shri M. C. Shah: In what capacity?

Shri V. P. Nayar: As an under-dog, perhaps. He was not a top official. That is all the more the reason why we must believe him, because the lower the officer, the more the honesty with which I credit him.

I was referring to the reason why Shri Tyagi or Shri M. C. Shah will not take action. Unfortunately, or fortunately, the language is not very happy. Shri Tyagi has been paid the following encomium. I am reading from page 178 of this book:

> "His golden and picturesque formula 'We should gather honey and not sting' still rings in my ears, and all the good and noble things he expressed in this connection still give me intense joy. But what depressed and disappointed me was his colossal ignorance of the real affairs of the department, and his positive withdrawal from the realistic situation and giving way to fanciful thinking."

Such things should have provoked one undoubtedly. But in spite of that, this book has a foreword by no less a person than my esteemed friend Shri N. C. Chatterjee, who also may not agree with the language or the diction.

Shri N. C. Chatterjee: I am pointing it out myself.

Shri V. P. Nayar: Even in the foreword, he has pointed it out. But it contains a set of facts, which it is the duty of Government either to contradict or to go into. It cannot be brushed aside, because it contains very serious allegations of corruption, of inefficiency, of the lack of proper planning, and of manipulations by several agencies in order to help tax evasion. And I think that it is time that Government must either consider these matters or publicly say—because this book is now a public property—that there is nothing very serious about it. You cannot just dismiss this book by saying that it is the effusion of a crankish brain. Certainly not. This book cannot be dismissed like that.

I again want to emphasise this aspect, that considering the non-controversial nature of this resolution —because I understand from Shri Kamath that about 46 Members have subscribed to this resolution, and out of those 46, there are many Members from that side also.....

Shri N. C. Chatterjee: 23.

Shri V. P. Nayar: .....nearly half are Congress Members; besides, the other representatives of the various groups and parties in the House have also subscribed to this resolution. That by itself must show that it is a non-controversial measure.

Secondly, in the context in which this has come up for consideration, when the Finance Minister and his colleagues are running from pillar to post seeking aid, this must lend itself to a greater consideration. As I submitted before, if for any reason, whatever be the grounds of Government, this resolution is not accepted, it will only mean either of two things, that is to say, either, because it comes from the Opposition, it will not be proper for Government, who want to have a monopoly of all the wisdom to accept it, or Government are bent upon doing a deliberately foolish act, even to the cost of the nation, in order to protect less than one per cent. or half a per cent. of the tax-paying people. Either of those must be the reason. I am not inclined to continue on this strain, but I would submit that I am really sorry that in such an important debate which determines the position of our funds for the financing of the Second Five Year Plan, the Finance Minister himself should have chosen to be absent. I know he is in his hibernaculum, a retreat into which has almost become a fashion or habit with him these days.

Mr. Deputy-Speaker: Why go into those things?

Shri V. P. Nayar: I am pointing out that when these questions were raised, they were always answered and contradicted by the Finance Minister, Shri C. D. Deshmukh, and I remember last time when this matter was discussed, Shri Kamath was told by the Finance Minister that he would be present for reply. I am very sorry that he is not present, because of......

Shri N. C. Chatterjee: Something.

Shri V. P. Nayar: ......something, or some developments, I do not want to go into them at this stage.

Shri Feroze Gandhi: What is wrong with Shri M. C. Shah.

Shri V. P. Nayar: Shri M. C. Shah, with his innocence .....

Shri M. C. Shah: May not be able to reply in Sanskrit.

Shri V. P. Nayar: I have the greatest affection and respect for Shri M. C. Shah. That is a different proposition. Shri M. C. Shah has not been made to answer these points, when they were raised, and it was Shri C. D. Deshmukh who always answered those points.

I would wholeheartedly support the resolution sponsored so very ably by Shri Kamath and supported by eminent Members like my esteemed friend Shri N. C. Chatterjee and Shri Ramachandra Reddi. I would once again make a request to Shri M. C. Shah personally and to Government that they should not consider this resolution as a resolution coming from the Opposition and on that ground put it into the waste-paper basket, as they usually do. They should not do so, because this is a resolution for the betterment of the national finance, for finding out more money from internal resources. When you accept this resolution, you can be sure that a very small minority of the tax-payers, about half a million, will be pricked, but that much prick is absolutely essential in order to finance the Plan for the benefit of the whole nation.

Shri M. C. Shah: I have listened to the speeches of the hon. Members very patiently and carefully. I thought there would be rather strong speeches on this resolution, but even the fire of my hon. friend Shri V. P. Nayar was not there.

I must at the outset say that I cannot accept this resolution, but I am happy that the hon. Mover has given me an opportunity to explain to the House how the Income-tax Department works.

There are very complex problems, and perhaps, because of the ignorance of the working of the department, some of the criticisms may have come from hon. Members. But I would like to explain to them the whole position, that is, the working of the Income-tax Department from the year 1939 upto the present day, that is, 1956. Hon. Members may be aware that the income-tax collected during the pre-war days was about Rs. 19 crores, and during the war period the incomes rose very high, and the income-tax collections went up very high. Upto 1944, the Income-tax Department had worked with just a skeleton staff. During the war period it was not pos-

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sible for the Income-tax Department to recruit people. It was only in 1944 that the class I service was formed in that department, and the recruitment was started. In 1945, there were only 550 income-tax officers. In 1946, a special officer was appointed to go into the whole question of the reorganisation of the Income-tax Department, in view of the rising incomes and the rising collections. During the war-time, the figure had gone up to Rs. 190 crores, but leaving apart the war-time period.

Shri Feroze Gandhi: Amount evaded or realised?

Shri M. C. Shah: Realised.

If you leave apart that period, you will find that from Rs. 19 crores in the pre-war days, now we have come to Rs. 170 or 180 crores. In 1946, as I said a special officer was appointed to go into the reorganisation of the whole department, and thereafter, slowly and slowly, we have begun to recruit the officers. Today we have got about 1200 officers, and I am told that number is also not yet sufficient. All these officers are recruited through the Public Service Commission as well as by promotion from the local areas. In 1950, the Varadachari Commission reported on the working of the income-tax department. They made certain recommendations. We examined all those recommendations, and we have tried to put into effect some of the recommendations which were to be adopted soon.

Thereafter the Taxation Inquiry Commission also reported. They wanted to have the whole income-tax department reorganised, and following upon their advice, some 13 or 14 months ago, we had appointed a very highly placed officer, who was with the Taxation Inquiry Commission, to look into the working of the department, and to suggest methods of reorganisation and standardisation, doing away with procedures which might cause delay, and introduction of certain other methods. That officer is working on that job since more than one year. He has been given special staff, and his report is expected by the end of this month.

My hon. friend, Shri Ramachandra Reddi, quoted my reply. We expected that report by the end of June, but that officer has taken some more time. Therefore, he is to submit the report by July, 1956.

There are three main points raised in the debate by the various Members. One is about evasion. Much has been said of the question of evasion. The Kaldor report is quoted here. It has been stated that Professor Kaldor has already stated that there is evasion to the extent of Rs. 200 to Rs. 300 crores and that that evasion must be taken as a correct estimate. I do not know whether hon. Members have read the whole Report. We have placed copies in the Library. We propose to distribute printed copies to hon. Members. We have already given orders to print the Report. I was expecting that those printed copies would be ready and available to hon. Members so that after going through the whole Report, they might be in a position to say whether those estimates were to be accepted or, as Professor Kaldor himself has said, those estimates were founded on slender statistics placed before him. He himself has stated that that estimate should be taken with a great deal of caution.

My hon. friend, Shri V. P. Nayar, who read from the report of the Central Board of Revenue, wanted to inform the House that even the Central Board of Revenue had accepted the figure to be about Rs. 160 crores. My hon. friend is not in his seat and I cannot say anything about his poor reading of the report. The report of the Central Board of Revenue has not stated that evaded tax is to the extent of Rs. 160 crores. What it has stated is that the evaded income will be about Rs. 160 crores, and on that the income-tax may be to the extent o about Rs. 40 crores. We have all along said that there has been evasion; we have never said that there has been no evasion. We have maintained already that there is evasion to the extent of Rs. 30 to Rs. 40 crores, and slowly we are trying to remedy that state of affairs.

Shri M. C. Shah: As I said, if the Nayar has come back. As I said, the fire has gone out of him.

Shri V. P. Nayar: Did you pour cold water.

Shri M. C. Shah: As I said, if he reads the report, he will find that his reading was not correct. He knows English well. He was in government service, as he himself stated. So he may be knowing about all these things. What was mentioned in the report of the Central Board of Revenue was that the income was about Rs. 160 crores, that is, evaded income. It is different from income-tax on the evaded income.

Shri V. P. Nayar: I want to correct the hon. Minister. Perhaps, I do not know the meaning of English as he knows. But this is how it reads:

> "It is estimated that the evasion of income is of the order of Rs. 160 to Rs. 175 crores......"

Shri M. C. Shah: That was what I said. It must be distinguished from evaded income tax. The tax on the evaded income is different from the evaded income. If my hon. friend meant that evaded income was Rs. 160 crores, I have no quarrel with him. But he said that as against the estimate of Rs. 200 to Rs. 300 crores of evasion of income-tax mentioned by Professor Kaldor, the Central Board of Revenue had admitted about Rs. 160 crores of evaded income-tax. That was what I understood him to say. Therefore, I had to correct him. If he says that the evaded income is Rs. 160 crores I have no quarrel with him.

Shri V. P. Nayar: What is the tax on that?

Shri M. C. Shah: It may be about Rs. 40 crores, because all the Rs. 160 crores may not be in the higher slabs, that is, those paying 14½ annas. Some may be in the lower income slab. About Rs. 10 crores may be at the marginal level, about Rs. 10 crores may be in between and about Rs. 20 crores may be at the higher income level. We have never made a secret of this inference.

Shri V. P. Nayar read from page 124 or so some statement of Professor Kaldor and said that it was shameful for the Government to have all those statements. I am afraid that Shri V. P. Nayar may not perhaps be aware of the fact that Professor Kaldor was invited by the Finance Minister himself. We wanted to know how the matter stood. He is considered to be an expert in England. We wanted to have him here to go into all these matters. Therefore, we are not afraid of what he has stated. We have to examine his Report, to verify the estimates that he has made and study the suggestions he has made and thereafter, to find out if we can just add to our resourses by adopting some of the suggestions he has made. We are already studying that Report. With regard to certain suggestions about additional forms of taxation he has made, perhaps, Shri V. P. Nayar may be knowing that we have already sent three officers to various countries, to Swedan, Japan and United States of America, and we are sending another highly placed officer to just co-ordinate the studies that they are conducting on the suggestions made by Professor Kaldor.

About evasion, we do not say that there is no evasion; we accept that there is evasion. How to find that evasion out? We are just trying the methods to detect evasion. The Income-tax Investigation Commission had suggested the starting of a special department to investigate cases from where they had left. Already we have the Directorate of Inspection and Investigation to go into these cases.

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We have created special circles all over the country where all these important cases are concentrated and we have already placed very efficient officers to look into all those cases. We are trying to tighten up the machinery of the income-tax department and we are trying to plug the loopholes in the Income-tax Act.

Every now and then we are faced with some difficulties. We have the rulings of the Supreme Court. We come here for the amendment of the Act. The other day we wanted to have section 5(7A) amended and the hon. Member opposite who spoke so vehemently about evasion and about the working of the income-tax administration was there to oppose that measure which the Government wanted to bring in order to rope in those big people who had their activities spread all over the country and to have their cases dealt with by some special officers in specified circles.

Shri N. C. Chatterjee: I may just interrupt. What I pointed out was that the amendment was based on a mis-reading of the judgment of the Supreme Court. The Chief Justice of the Supreme Court pointed out that there should be some standards, some canons, some objective tests which should be prescribed before you allow a case to be taken away from Delhi, say, to Travancore or Timbuctoo. That is very improper. That is what I pointed out. You should prescribe certain conditions in order to make the Act equitable, fair and just.

Shri M. C. Shah: He says that he was for that amendment of 5(7A). I take him at his word.

As I was pointing out to the hon. Members, we are trying to plug the loopholes in the Income-tax Act.

There are two kinds of evasion; one is evasion by legal methods, taking advantage of the loopholes of the present Act and the other is having fraudulent account books—two or three sets of account books......

Acharya Kripalani (Bhagalpur-cum Purnea): There is also a third method; bribing the administration.

Shri M. C. Shah: We took last time powers to find out whether there are double sets of account books, whether there are fraudulent entries made in the account books shown to the Income-tax officers while real transactions were in some other books. Then too, there was opposition and there was some reluctance on the part of some hon. Members of this House to vest the income-tax department of the Government with these wide powers. But, if you want Government to find out all this concealed income from the genuine account books that are not shown to the income-tax department, it is absolutely necessary that Government should have all these wide powers.

I may inform the hon. Members of this House that because of all these, perhaps, defective sections of Income-tax Act—after the passing of the Constitution—we propose to have a high-power Commission or Committee—whatever name we may like to give it—to go into the whole Income-tax Act and to codify it with a view to see that it may be simpler and more effective. We may not then have to face questions arising out of judgments of the Supreme Court.

The House is well aware that the Income-tax Investigation Commission Act was passed by this House and about 1200 cases under 5 (1) and 5 (4) were referred to the Commission. Some of the cases were investigated and settled and nearly Rs. 50 crores of concealed income was found and nearly Rs. 28 to Rs. 29 crores of income-tax was to be realised and there were still many more cases pending before the Commission. The matter was taken up to the Supreme Court and section 5(4) was held *ultra vires* of the Parliament and we had to amend section 34(1A) in order to dispose of these cases under section 5(4).

Then there was another case in which it was decided that after the amendment of 34(1A), section 5(1) was not effective. Therefore all those cases which were not disposed of by the Commission before 17th July 1955 could not be disposed of by them. Then, there was another judgment which declared that all those cases which were not disposed of before the 26th January 1950, when the Constitution came into force, were invalid and so they had to be re-tried by the Directorate of the Income-tax Department. Thus it will be seen that we are trying our level best to rope in all those tax-evaders. But we have to defer our activities because of certain rulings. We have to come again to the Parliament for the amendment of the Act here and there. In view of these complications, hon. Members will realise that we are working under great difficulties.

Shri Feroze Gandhi: The hon. Minister said he is going to appoint a Commission. May I remind him that last October he had promised to appoint a Commission to enquire into the Dalmia-Jain affair and may we know what happened to that Commission?

Shri M. C. Shah: I am sorry it has no relevance to the matter before the House. If there is a question, I will reply. It may not be relevant for me to enter into a controversy in this connection. This Commission is to be appointed rather to codify the Income-tax Act in order to make it very simple and more effective.

Acharya Kripalani: He wants only some information and no controversy.

Shri M. C. Shah: I am just saying what are the difficulties that we have to encounter.

Shri Kamath: The Supreme Court is a great difficulty.

Shri M. C. Shah: I cannot say anything about that. We have to bow to the decisions of the Supreme Court. Whatever defects there are in the Income-tax Act, when considered along with the Constitution, are to be removed and we want to make the Act very simple and more effective. That is what we propose to do.

So far as evasion is concerned, Government are more anxious than even the hon. Members who have spoken, to bring these evaders to book; but there are difficulties and difficulties. We had only 550 officers by 1945. Slowly and slowly we increased the number and today we have 1200. They are new people and we have to train them up for two years. For the first 18 months they are to be trained in the Income-tax law and other laws and thereafter for six months they are to be given practical training. Then they have to work as understudy with officers. We are taking all those officers through the Public Service Commission and they come from highly educated families. They are not different from what the officers are in other departments, but they have to study all those things. Therefore, it takes some time. I am sure that we have practically turned the corner and we will be in a better position to show very good results slowly in the course of a year or two.

My friend, Shri Reddi, referred to a point which I might take up. I had already mentioned that we would take 250 officers. It is correct. We had decided last year to take 250 officers from Inspectors and have them there. But then we had appointed an Officer on Special Duty and he said that by re-organisation, it will not be necessary to have all these 250 officers. He, therefore, requested us to wait till the report comes. Now the report is coming. Last year we wanted to have 25 additional Assistant Commissioners also. We know that there are arrears in assessments and arrears in appeals, and really speaking, we are trying our level best so that all those arrears may be cleared up soon and thereafter no case may be kept pending for more than a year or so. My view is that no appeal should be kept pending for more than a year. I am going round all the big cities just addressing the

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Income-tax Officers and impressing upon them this aspect of their work. I am sure within a year or two the time will come when those people who always ask for adjournment will complain that there are strict measures to dispose of the assessment sooner. That is what I am envisaging.

There are two other matters also along with this evasion question. There is corruption. I am aware of that fact and I admit that there is corruption. We are trying our level best to do away with corruption. Though we are not 100 per cent. successful, I may inform the House that we have been successful to a certain extent. I may inform the House that six officers have been dismissed very recently, and I invite all hon. Members to supply me with any information they may have got. I can assure the House that that matter will be immediately taken up to its logical end. Two hon. Members of the House last year informed me about corruption with regard to two Income-tax Officers. I took up the matter immediately. One of them had been prosecuted and sentenced to two years imprisonment and another had been dismissed. On appeal to the Union Public Service Commission, the Commission said that he may be removed from service, though it does not mean very much. We had already recommended six officers to be dismissed and many more are under investigation. We hope to take the strictest measures possible the moment there is some substantial information given to us. We feel that we must do as much as possible for the Department and, therefore, we have created a special investigation department wherein all these complaints are taken in hand.

Shri Kamath: Since when?

Shri M. C. Shah: Immediately. I can assure my friend, Shri Kamath, that if he gives any information, he will find that action is taken immediately to its logical end. The two hon. Members—they are not here at the moment—will testify to that fact. I will not deter for a moment even if afterwards anybody comes forward for showing mercy in respect to those officers.

Shri Kamath: The Minister stated that there was a special department in his Ministry. I want to know since when.

Shri M. C. Shah: Since 1952, but it has started working very well since the last two years.

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas): May I know whether, in the first instance, if any Member gives information on the officer who is corrupt, that case is sent to the same officer for enquiry?

Shri M. C. Shah: I take that information as confidential information and I depute very senior officers to look into the matter. If you want to satisfy yourself, I will give you the names of the hon. Members concerned, and you can just find out what had happened from those two Members who were courageous enough to give me the information. I hope that all hon. Members if they come in possession of any such information, will pass it on to me and then they will see whether action is taken on it or not.

There is another matter and that is about public relations, harassment and all those things. I know that there are complaints about harassment. I have enquired into many of them. With great regret I must say that most of them came from the parties who were interested because nobody likes to pay taxes. Here in India the income-tax assessees have to fill in their income-tax returns. Whatever incomes they have had has to be put in those returns. They have to prove that that is the only income that they have got during the year of assessment Therefore, at times, the Income-tax Officers have to put certain queries, but the people concerned do not like those queries

My friend, Shri Trivedi, is not here, but he cited a case last time that because a certain officer wanted a car to be supplied to him and because that car was not supplied to him, the Income-tax Officer assessed the individual's income at something like Rs. 8,00,000; then when it went to the Tribunal, it was reduced to Rs. 79,000. I got that information from him. We immediately enquired into the matter and the facts are otherwise. I am sorry to say that Shri Trivedi was very much misinformed. The facts are these. That gentleman did not give his income-tax return for about six months. Then he was pressed to give it. He gave the return which showed his income as Rs. 1,49,000. When the case came up for hearing, certain questions were asked and they were not answered there and then, but he asked for adjournment. Four or five adjournments were given and eminent lawyers were brought in. Even after the fifth adjornment he did not appear. He was asked to appear again but he did not. Therefore, an *ex parte* decision was taken. The Income-tax Officer can take a decision only from the reports that he can gather. Therefore, he was assessed at Rs. 11,00,000. The matter went to the Tribunal. The Tribunal also held that Rs. 5,85,000 or so was the income. But the man had put in return for Rs. 1,49,000 only. The Tribunal approved of the action of the Income-tax Officer about the *ex parte* proceedings, and fixed the income at Rs. 5,85,000 or so. This shows that Shri Trivedi's complaint was based on wrong information. Before taking the information, one should very carefully look into the matter and should independently go into the true state of things. Wherever I have gone, I have told the income-tax officers to be very courteous. I have come in contact with the income-tax officers individually as well as at meetings. I have told them that they should be very courteous. There should be no case of harassment. In this democratic Republic, there are the elected representatives of the people and they must give very nice treatment to the assessees though they must assess them according to the information available to them.

Shri Kamath: Nice treatment means what?

Shri M. C. Shah: Just give them cold water ......(Interruptions.) I have also impressed upon them that it is not the intention of the Government to get a pie more than what is justly due to the Government but that we are also not prepared to let go even a pie that is justly due to the Government.

Shri Nayar referred to the manual. It has been brought up to 1956 and every officer is supplied with a copy. In order to help the assessees we have brought out in simple language a book showing the responsibilities of the assessees: how to fill in the form and other things.

Shri Kamath: When was it done?

Shri M. C. Shah: Probably a year before. It is running the thirteenth edition. We are arranging to have copies in all the fourteen languages of the different regions. We have prepared a layman's book so that the lawyers may not come in the way. My friend, Shri Chatterjee may not mistake me if I say that I have found that mostly those professional people did not give their correct returns. I have verified these. So, these books have been brought out so that they may not go to the lawyers or to the income-tax practitioners.

We have also three public relations officers, one each at Madras, Calcutta and Bombay. We propose to extend that system. The small assessees go to them for guidance and advice.

Shri Kamath: Anybody in Delhi?

Shri M. C. Shah: Not yet. But, we propose to help the smaller assessees. We know that big assessees will have big counsels to show them the way as to how legal evasion can be effected. So, we are to help the small assessees and so we are trying to do what we can about them.

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My friend, Shri Chatterjee, said that there should be an external and internal survey. He will be interested to know that in the last three years we have already visited 4,31,295 shops and brought on record about 59,147 assessees. We propose to extend that system. We want to see that everybody who has to pay income-tax pays it fully.

I have got here certain figures but it will take much time if I quote them. Even though the limit of exemption has risen from Rs. 3,000 to Rs. 4,200 there has been an increase in the number of assessees. There is no necessity to have such a committee as suggested by Shri Kamath. I am glad that this opportunity was given to the Government to explain the way in which the Government is administering the income-tax department. I do admit that there is evasion; harassment and corruption should also be done away with. I entirely agree that all these things should be done. There is room for improvement. The incomes are rising and we want to have more money for the Second Plan and if you can bring more money to the Government it will always be helpful. We are alive to these things. I can only assure the House that no effort will be spared to secure the objectives that the hon. Mover had in his mind while moving this resolution. There are shortcomings and limitations but I know that, with the fullest possible co-operation from the Members of this House and the other House, we can do a lot towards the improvement of the administration. Some hon. Members talk to me in the lobbies about this evasion and that but when ask them to put it in writing they are afraid to do so.

Shri Kamath: What you tell us in the lobbies, you need not tell here.

Shri M. C. Shah: What I wanted to say, Mr. Kamath, is this.

Mr. Deputy-Speaker: Mr Kamath should not be told directly.

Shri M. C. Shah: I am sorry. What I want to tell the hon. Member of this House is this. When they have any definite information with regard to evasion of tax or concealment of income, howsoever high or eminent the position of the person may be, I can assure the House that I shall take all possible steps to unearth that income and to bring to book the offender the moment we get that information.

Very valuable information was given to me and one officer was corrupt. He was convicted and another officer was dismissed. If the hon. Members can give me such information, I can assure them that all possible measures will be taken to investigate the cases and punish the offender, guilty of corruption or harassment. But the hon. Members should have correct information in their possession and not such information as was given out by my friend, Shri Trivedi. I just now referred to that case.

I would like to take five minutes more but the time is up.

Shri Kamath: I would take about fifteen minutes.

Mr. Deputy-Speaker: Is the House prepared to sit for some more time?

Some Hon. Members: Ten minutes.

Shri Kamath: Mr. Deputy-Speaker, as I listened to the Minister of Revenue and Civil Expenditure, I felt convinced that there was, and there is, a skeleton in his cup-board and this skeleton he is strenuously trying to conceal, trying to hide from public view and trying to see that light does not expose it to the public view. It is unfortunate that the spirit of the Second Five Year Plan has still not infected the Minister. His complacency is pathetic.

Mr. Deputy-Speaker: He has been unsuccessful in concealing it when you have found it out.

Shri Kamath: He has admitted in the course oo his speech towards the end many things. In the course of his peroration he has admitted corruption, he has admitted inefficiency, he has admitted the existence of heavy arrears and he has admitted ill-organisation. After having said all this, he throws up his hands and says: "Why this Committee?" If that, Sir, is the approach of the Government to problems of this nature, to important problems of this nature the attitude of responsibility and responsivity that Government brings to bear upon problems of this nature, which affects our national finances, I despair not merely of the success of the Second Plan but also, Sir, I despair of the growth of a sound, strong, puissant parliamentary democracy where government is responsible and responsive to parliamentary opinion.

I thought there was no need for me to stress this aspect of the matter, My hon. friend Shri Chatterjee has ably advocated one of the main aspects of this particular resolution, and my friend Shri V. P. Nayar, on my right, has driven another point home. This resolution has been supported, as the bulletin, other records and all other papers show, by all sections of the House for the first time in the history of Parliament. As far as I am aware, no other resolution has been supported by so many members and so many sections of the House—both are there. 46 Members of the Lok Sabha, and among them nearly or over 50 per cent. are members of the ruling party, —have supported this resolution though it is unfortunate that today...

Shri B. D. Pande (Almora Distt.—North-East): I am opposed to it.

Shri Kamath: I do not know your attitude. From the Himalayan heights I do not know what attitude you will take. You may get some *jadi booti* for income-tax also.

About this resolution, as I have already said, there has been support from over 23 Members belonging to the Congress Party and the other half represent all other sections of this House Today, however, I was rather surprised to see that not a Member of the ruling party stood up to speak either for or against the resolution. But, be that as it may, we have been familiar with this attitude of the Government on various other matters vitally affecting Parliament and the people. I am familiar with this attitude. It has been reflected on other occasions also. In spite of a clear expression of opinion by Parliament Government have turned a deaf ear to the demand made on the floor of this House for enquiries into various matters.

I will refer, Sir,—because I am racing against time—to only one or two other points which have been sought to be made out clearly, but unfortunately not so by the Minister. He referred to arrears that have accumulated. He said he had gone on a hurricane or a whirlwind tour or something like that, a very swift tour of all the establishments in India to see that these arrears are disposed of. But as long back as 1949—it is not a new story—the Income-tax Investigation Commission referred to this matter—we are today in the year of Grace, if it is Grace at all, 1956—and even today what has the Minister to say? He says, we have got arrears and we are trying to get them disposed of. If that is the pace at which this Government moves—seven years have elapsed and still they are trying to get these arrears attended to and disposed of—I do not know where it will lead us to. The Commission used strong words about this matter. They said:

> "Taking the structure as it is planned, we think that it requires to be strengthened and re-arranged immediately in certain respects if the heavy arrears are to be reduced and, above all, a liberal provision has to be made for reserve in all grades and classes of establishment for emergent work."

The earlier Commission, the John Mathai Commission referred to

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another aspect of the matter and said:

> "We have been assured by the Central Board of Revenue that a long (mark the words) overdue, expansion scheme is now well under way of implementation."

That was said by the Income-tax Enquiry Commission of Dr. John Mathai. I would like to know from the Minister—I know it would be impossible for him; he won't be able to tell me—whether this long overdue expansion scheme has been taken in hand at all, the progress it has made and what sort of progress it has been.

Shri M. C. Shah: I have already stated that from a strength of 500 today we have 1200 officers.

Shri Kamath: Not the number of officers; their efficiency and all that.

Shri M. C. Shah: With regard to efficiency also I said that the report will be ready.

Shri Kamath: There is no time for all that now.

Now, Sir, I would refer to one or two other matters and then close. The Second Five Year Plan, as we all know, envisages not merely loans from foreign countries, not merely deficit financing, but also fresh taxation. Only this morning there was a question in this House on this subject, as to what measures the Government are taking with regard to the provision of Rs. 450 crores. Even if the figures of the Central Board of Revenue are taken with regard to the evasion of income-tax—in addition to that there is the extravagant administrative expenditure and waste which has to be minimised or even done away with, I am sure we will not have to go to other countries with a begging bowl, and Government also will not be compelled to resort to fresh taxation putting a burden on the impoverished people of this country, provided proper steps are taken. As has already been stated, our country has got a population of only one million who are liable to pay income-tax, and only half a million or a little more than that actually pay income-tax.

Sir, kindly look at my resolution. What is there that the Minister can possibly take exception to? What can the Government take exception to in this resolution? The income-tax department is one of the main, and most important departments of Government. I said last time that this income-tax department is IT — the 'it' of the taxation world. Therefore, it merits a good deal of attention and care from Parliament. My chief concern is that this department should function more efficiently and less corruptly than it has been doing so far. The Minister himself has admitted the presence of these evils: it is corrupt; it is inefficient; it is ill-organised. Yet, they would not accept the need for an enquiry. I fail to see why the Minister has chosen to oppose this resolution. It must be out of sheer cussedness. Nothing else. If the resolution had been accepted by the Minister and by the Government it would not only have brought a Commission into being but it could have devised ways and means of making this department more efficient and more serviceable to the people and to the nation, than it has been so far.

One word more and I will have done. If this Committee or Commission had been set up, its terms of reference might have included—of course, it is a matter of detail and the various details as to how the Commission should function could be thrashed out—an item as to how this income-tax administration functions in Jammu and Kashmir State. Today, in Jammu and Kashmir State, I understand that there are various flaws and defects and that the working of the income-tax department there is not at all satisfactory in the whole of Jammu and Kashmir State. If this Committee had been set up, I am sure that this House and this Parliament might have agreed to include that item also in the terms of reference for this Commission, because Jammu and Kashmir is a part of India. The income-tax work extends to the entire country—to the whole of India—and Jammu and Kashmir, therefore, might have been included in the terms of reference. Unfortunately, it is not going to be so. But, in spite of that, I hope that the House will agree to this resolution on the consideration that it has been supported by a large number of Members during their speeches, and otherwise.

I would conclude by quoting a *slokardha* and not a *sloka*. I quoted some *slokas* last time. I expected that the Minister of Finance would be here to reply. He had promised to me privately that he would be present here to reply to me in a similar vein in Sanskrit. But he is not here. Anyway, I would only say this to the Minister now:

संकटं करपातेन समृद्धिः करषारषारणात् ।

> If this income-tax department, its working, fails, the whole administration is in danger of collapsing or will collapse. If they cannot manage this income-tax department, I do not think they will manage any other department efficiently or well. I said so last time. If you lose on income-tax, you will have *sankatam*, that is, crisis. If you gather income-tax well and administer the department well, you will have *samriddhi*. Again:

सिद्धे;स्मिन् यहायत्ने किं न किस्यति शासने।

> If you succeed in this big task, —*mahayatna* if you set this income-tax department right, what else can you not achieve in administration?

I oppose, I deplore, the Minister's attitude to the resolution. I am sorry that he has taken up such an attitude. I would only commend my resolution for the acceptance of my hon. and wise Members of the House in spite of the Minister's opposition to it.

Mr. Deputy-Speaker: There are two amendments—one by Mulla Abdullabhai and the other by Shri D. C. Sharma. Both of them are absent. But I shall have to put the amendments to the vote of the House.

The question is:

That for the original Resolution, the following be substituted:

> "This House recommends that a Committee consisting of seven members, not less than four of whom should be Members of Parliament, be constituted to enquire into and report within six months about the working of the income-tax department, with recommendations to improve the efficiency in the administration of the department, to remove the corruption and save the assessee from harassment—thus leading to quick assessment and better results in revenue collections."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

That for the original Resolution, the following be substituted:

> "This House recommends that a Committee consisting of seven members, two of whom should be members of Parliament, one of whom should be Inspector General of Police, one of whom should be a retired Judge of the High Court, one of whom should be a representative of businessmen, one a representative of salaried classes and one a retired Income-Tax Commissioner, and presided over by the Finance Minister, Government of India, should be constituted to inquire into the working of the income-tax department and submit its report within eight months".

The motion was negatived.

Mr. Deputy-Speaker: The amendments are lost. Now, I shall put the Resolution to the vote of the House.

[Mr. Deputy-Speaker]

The question is:

> "This House recommends that a Committee consisting of seven members, not less than four of whom should be members of Parliament, be constituted to enquire into and report within six months about the working of the Income Tax Department, with recommendations to improve the efficiency in the administration of the department leading to quick assessment and better results in revenue collections."

The Lok Sabha divided: *Ayes* 1 *Noes* 67.

Division No. 1 [5-20 P. M.

AYES

Chatterjea, Shri Tushar.
Chatterjee, Shri N. C.
Chowdhury, Shri N. B.
Das, Shri, B. C.
Deogam, Shri
Hansda, Shri Benjamin
Kamath, Shri
Maitra, Shri M. K.
Mukerjee, Shri H. N.
Muniswami, Shri N. R.
Reddi, Shri Ramachandra
Shastri, Shri Raja Ram
Singh, Shri R. N.
Sinha, Thakur Jugal Kishore
Waghmare, Shri

NOES

Abdus Sattar, Shri
Achal Singh, Seth
Altekar, Shri
Alva, Shri Joachim
Basappa, Shri
Bhagat, Shri B. R.
Bhargava, Pandit M. B.
Bhargava, Pandit Thakar Das
Bhatt, Shri C.
Brajeshwar Prasad, Shri
Chatterjee, Dr. Susilranjan
Chaturvedi, Shri
Chaudhary, Shri G. L.
Das, Shri Ram Dhani
Deshpande, Shri G. H.
Dubey, Shri R. G.
Dutta, Shri S. K.
Dwivedi, Shri M. L.
Eacharan, Shri I.
Elayaperumal, Shri
Gandhi, Shri Feroze
Gandhi, Shri M. M.
Gandhi, Shri V. B.
Ganga Devi, Shrimati
Hasda, Shri Subodh
Hazarika, Shri J. N.
Hembrom, Shri
Hem Raj, Shri
Iyyunni, Shri C. R.
Jain, Shri N. S.
Jatav-vir, Dr.
Jayashri, Shrimati
Jethan, Shri
Joshi, Shri A. C.
Joshi, Shri Jethalal
Joshi, Shri Krishnacharya
Kakkan, Shri
Kamble, Dr.
Katham, Shri
Khan, Shri Sadat Ali
Krishna Chandra, Shri
Majithia, Sardar
Malaviya, Shri K. D.
More, Shri K. L.
Muhammed Shaffee, Chaudhuri
Murthy, Shri B. S.
Naidu, Shri R. G.
Narasimhan, Shri C. R.
Naskar, Shri P. S.
Natarajan, Shri
Nehru, Shrimati Shivrajvati
Pande, Shri B. D.
Patil, Shri S. K.
Rachiah, Shri N.
Rajabhoj, Shri P. N.
Ramaswamy, Shri S. V.
Ranbir Singh, Ch.
Raut, Shri Bhola
Sahu, Shri Rameshwar
Samanta, Shri S. C.
Sharma, Shri K. R.
Singhal, Shri S. C.
Suresh Chandra, Dr.
Thimmaiah, Shri
Thomas, Shri A. M.
Tiwary, Pandit D. N.
Venkataraman, Shri

The motion was negatived.

RESOLUTION *RE.* REPRESENTATION OF AFRICAN AND ASIAN NATIONS IN U.N.O.

Shri Brajeshwar Prasad (Gaya East): May I seek your permission to just move my Resolution and resume my seat, so that I can speak on it next time?

Mr. Deputy-Speaker: There is one difficulty. The old business could be continued without a specific extension of the sitting; but, if a new business is to be taken up, the House would have to give its approval for a definite extension of the sitting. There ought to be a specific extension of the s ting up to 5-30 P.M. Does the Hou approve of it?

Several Hon. Members: Yes.

Mr. Deputy-Speaker: The sitting extended up to 5-30 P.M.

Shri Brajeshwar Prasad: I beg move:

> "This House recommends to th Government of India to press fo the revision of the Charter of th United Nations so that Africa and Asian nations may be represented in the U.N.O. in proportion to their population and tha

all the representatives and delegates in the U.N.O. and its subsidiary bodies be elected on the basis of adult franchise."

Before I commence my main arguments, I would like to place certain facts and figures before the House. Europe has got 27 representatives in the U.N.O. and Asia has got 20 representatives. The population of Europe is 57 crores and odd whereas the population of Asia is what is called one *arab* in Hindi and 36 crores.

Shri A. M. Thomas (Ernakulam): How can it be 36 crores? India alone has got a population of 36 crores.

Mr. Deputy-Speaker: He said, "136 crores".

Shri Brajeshwar Prasad: According to the standard of representation which is prevailing in Europe, we should have 64 seats, Africa should get only 10 seats. North America should get 11 seats; South America should get 6 seats; Australasia should get no seats.

Mr. Deputy-Speaker: The hon. Member may continue next time. The House stands adjourned till 11 A.M. tomorrow.

5-30 P.M.

The Lok Sabha then adjourned till Eleven of the Clock on Saturday, the 21st July, 1956.